

Q4 2013



West Hollywood Sales Tax *Update*

First Quarter Receipts for Fourth Quarter Sales (October - December 2013)

West Hollywood In Brief

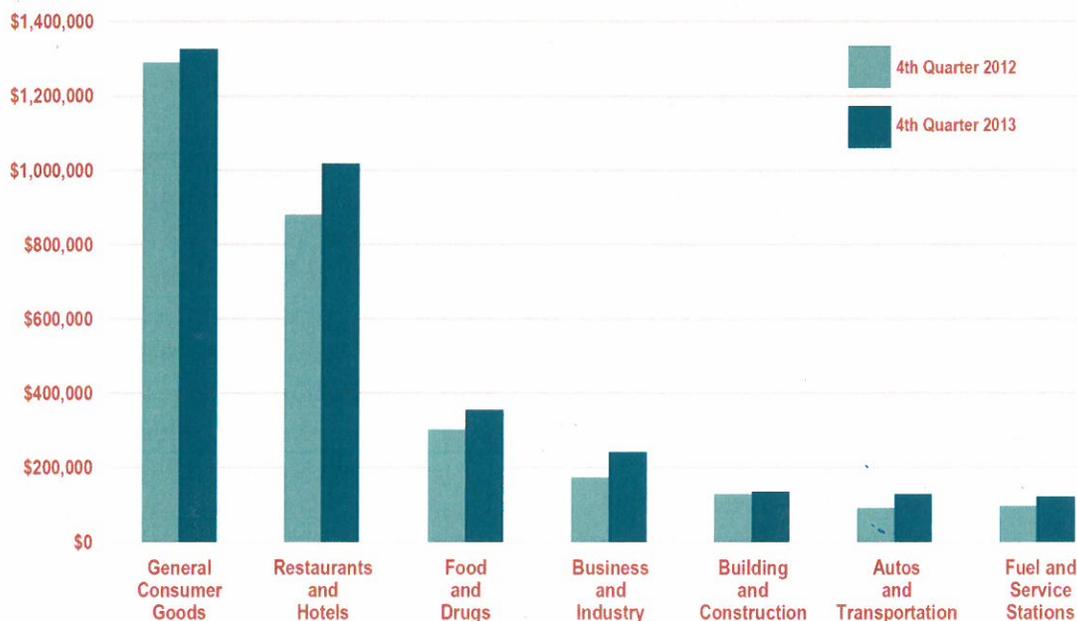
Receipts for West Hollywood's October through December sales were 11.8% higher than the same quarter one year ago. Actual sales activity was up 6.6% when reporting aberrations were factored out.

All major industry groups reported gains for the quarter though net of accounting adjustments, building and construction and food and drugs receipts declined. Results from fuel and service stations, business and industry and autos and transportation categories were particularly strong and easily surpassed regional and statewide trends. Restaurants and hotel totals benefited from multiple new business additions. The opening of a new competing store in the market area held back general consumer goods gains.

Late arriving receipts from sales in a prior quarter caused the building and construction and food and drugs comparisons to appear to be up but actual sales decreased.

Adjusted for aberrations, taxable sales for all of Los Angeles County increased 1.7% over the comparable time period, while the Southern California region as a whole was up 2.7%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

IN ALPHABETICAL ORDER

Best Buy	Pavillions
BevMo	Ralphs
BOA Steakhouse	Ralphs
Bristol Farms	Shell
Cecconis	Soho House
Christian Louboutin	Steinway & Sons
CVS Pharmacy	Target
Diva	Tesoro Refining & Marketing
Gelsons Market	The Abbey
Hornburg Jaguar	Waterworks
John Varvatos	Whole Foods Market
London West Hollywood	Yuanda USA
Maxfield Bleu	

REVENUE COMPARISON

Three Quarters - Fiscal Year To Date

	2012-13	2013-14
Point-of-Sale	\$8,776,703	\$9,259,136
County Pool	1,052,921	1,089,685
State Pool	3,953	5,459
Gross Receipts	\$9,833,578	\$10,354,279
Less Triple Flip*	\$(2,458,394)	\$(2,588,570)

*Reimbursed from county compensation fund

NOTES

Statewide Results

Excluding accounting anomalies, the local share of sales and use tax receipts from California's 2013 holiday spending rose 3.4% over the fourth quarter of 2012.

Auto sales and leases and all categories of building and construction materials were substantially up over the previous year while tourism and convenience-driven consumer demand continued to produce healthy gains in restaurant related revenues.

Sales of luxury goods and portable electronics did particularly well while cut backs in food stamp programs and unemployment benefits reduced spending at discount department stores and many value oriented retailers. Generally, the gains in sales from online purchases were higher than for brick and mortar stores.

Rising fuel efficiency resulted in lower receipts from service stations and petroleum supply companies while a slowing pace in solar and alternate energy development reduced use tax receipts from the business/industrial segment.

Spending patterns were fairly consistent throughout most regions.

E-Commerce Spending Up

Tax receipts from holiday spending on general consumer goods at brick and mortar stores grew by 2.3% over last year's comparable quarter while local tax revenues from online purchases increased 16% and accounted for 10.3% of total general consumer goods sales and use tax receipts.

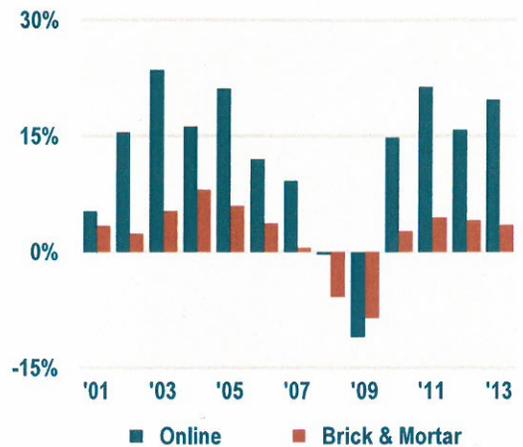
The rise in online retail shopping accelerates trends that began 20 years ago by sellers of materials and equipment to business and industrial users. Suppliers were able to take advantage of business preferences for the ease

of online ordering by consolidating sales offices and inventories into just a few locations.

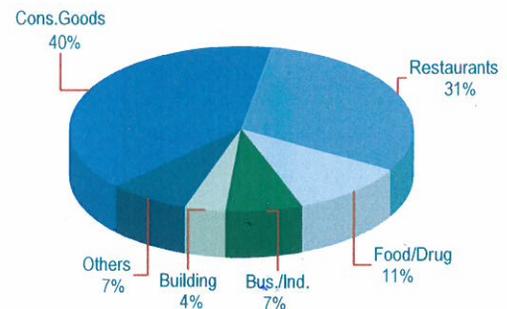
However, it was not until social networking and growth in the use of mobile devices that the general public became fully comfortable with online purchasing. Retail analysts expect the trend to expand and every major retailer is testing new concepts to reduce store size and overhead costs by driving more of their sales to centralized web-based order desks.

New technology, recent court decisions and legislative exemptions are constantly reducing what is taxable and has substantially altered the base on which the tax was created in 1933. The concentration of business supplies and now consumer goods into fewer and larger "points of sale" has accelerated competition for what is becoming a diminishing resource. Local governments are now bidding rebates up to 85% of the local tax collected in exchange for location of order desks.

ONLINE VS. BRICK & MORTAR
Year-Over-Year Percent Growth



REVENUE BY BUSINESS GROUP
West Hollywood This Quarter



WEST HOLLYWOOD TOP 15 BUSINESS TYPES

Business Type	*In thousands		County	HdL State
	West Hollywood Q4 '13*	Change	Change	Change
Casual Dining	477.0	16.3%	5.5%	5.7%
Discount Dept Stores	—	CONFIDENTIAL	-0.2%	0.1%
Electronics/Appliance Stores	243.8	7.5%	1.2%	-0.7%
Family Apparel	193.7	-7.7%	7.2%	6.8%
Fine Dining	300.3	19.8%	16.1%	15.7%
Grocery Stores Liquor	203.2	39.2%	99.0%	38.3%
Home Furnishings	237.4	-7.8%	6.1%	7.9%
Hotels-Liquor	91.5	-4.5%	48.0%	29.4%
New Motor Vehicle Dealers	—	CONFIDENTIAL	6.4%	9.4%
Package Liquor Stores	55.8	-3.0%	7.1%	6.8%
Quick-Service Restaurants	69.5	-2.6%	6.5%	7.8%
Service Stations	119.3	27.3%	-4.9%	-2.7%
Specialty Stores	101.2	1.4%	4.9%	7.7%
Textiles/Furnishings	131.6	19.2%	7.1%	9.0%
Women's Apparel	58.0	4.0%	5.9%	2.7%
Total All Accounts	\$3,318.0	12.4%	8.0%	8.7%
County & State Pool Allocation	\$424.5	7.6%	3.4%	9.4%
Gross Receipts	\$3,742.5	11.8%	7.4%	8.8%