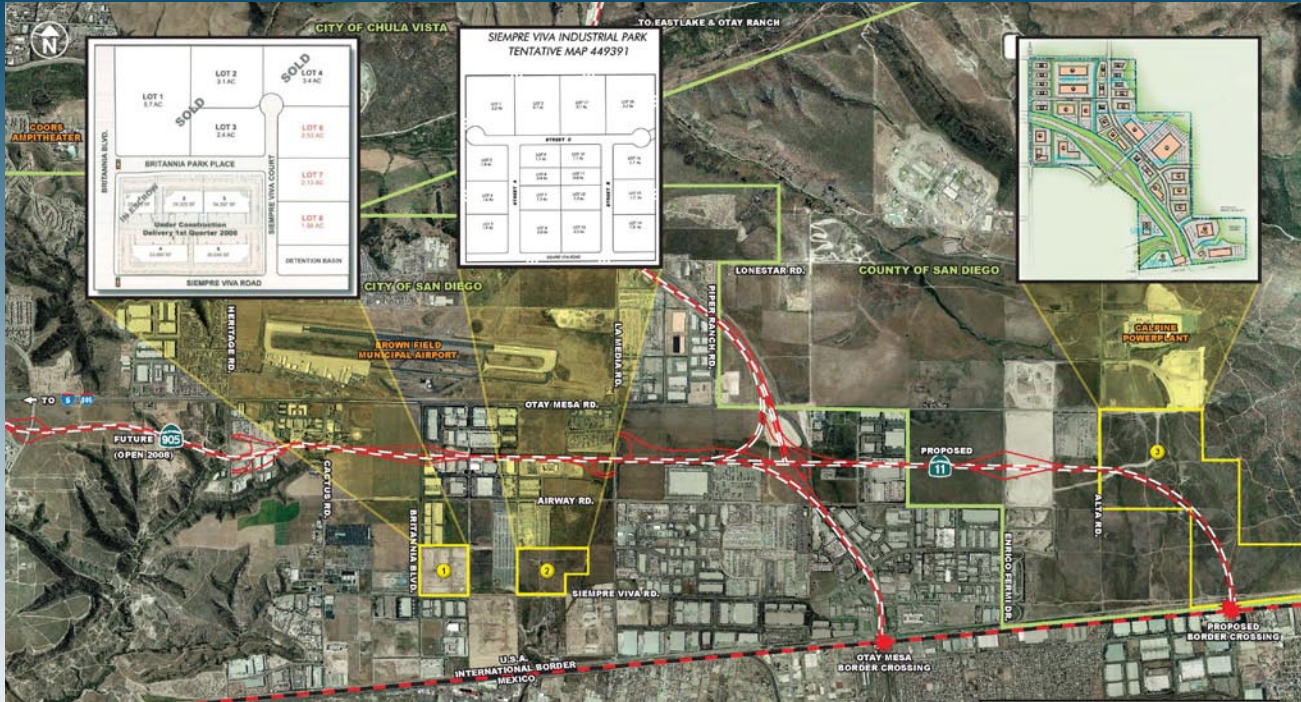


OTAY CROSSINGS

COMMERCE PARK

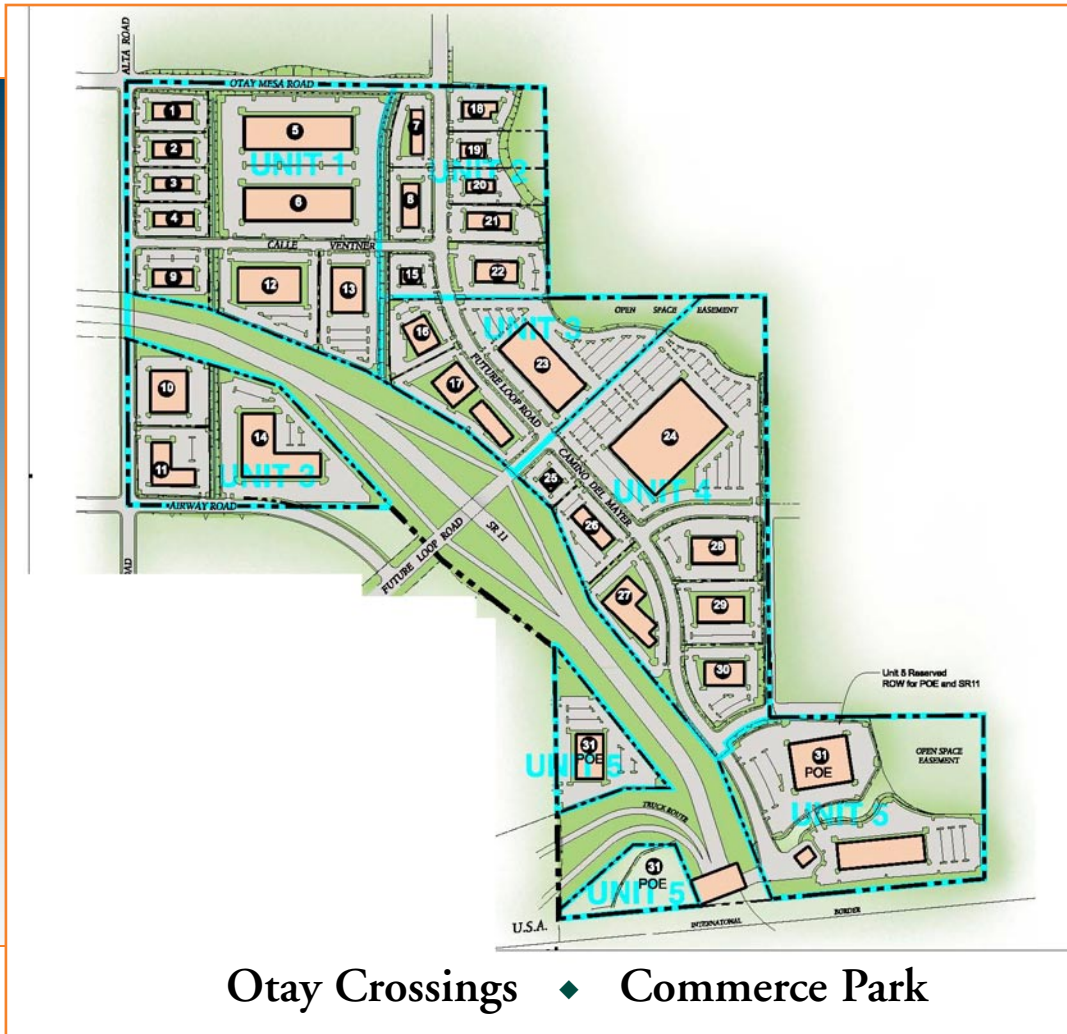


Otay Mesa ♦ California

In 2007 Kearny teamed with Pacific Coast Capital for our third acquisition in Otay Mesa. Otay Crossings Commerce Park is 311 raw industrial acres. Since 2005, together with Britannia Industrial Park and Siempre Viva Industrial Park, Kearny and Pacific Coast Capital have acquired approximately 400 acres in this dynamic, high growth industrial market, which is characterized by significant investment in the area's transportation corridors, including the recent addition of State Route 125, the improvements and realignment of highway 905 now taking place, and planned investment in the addition of State Route 11 and a third border crossing, both of which are designed to traverse across Otay Crossings Commerce Park.



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Otay Crossings ♦ Commerce Park

Kearny is processing a Supplemental EIR and tentative map to subdivide the property into lots for sale or build-to-suit ranging from 1 to 50 acres. Kearny is utilizing its expertise in working through many challenges, including:

- ♦ **Biology Mitigation:** Kearny is actively negotiating with the county, state, and federal agencies to secure mitigation land for burrowing owls and various sensitive plant species. More than 150 acres are being acquired to secure appropriate mitigation measures.

- ♦ **SR 11 and Border Crossing:** More than 100 acres are being reserved for State Route 11 and a new U.S./ Mexico border crossing. A presidential permit is currently in process and expected to be completed in early 2009, and funding is being set aside for the development of these projects, which are critical to the region.

- ♦ **Horizontal Development:** Kearny will construct significant infrastructure improvements including on and off-site street improvements and wet and dry utilities once the final map has been recorded.

Kearny anticipates that the final map will be completed in 2010 with speculative buildings, lot sales and build-to-suit opportunities available in 2011. At build-out, total project costs are estimated at \$400 million.