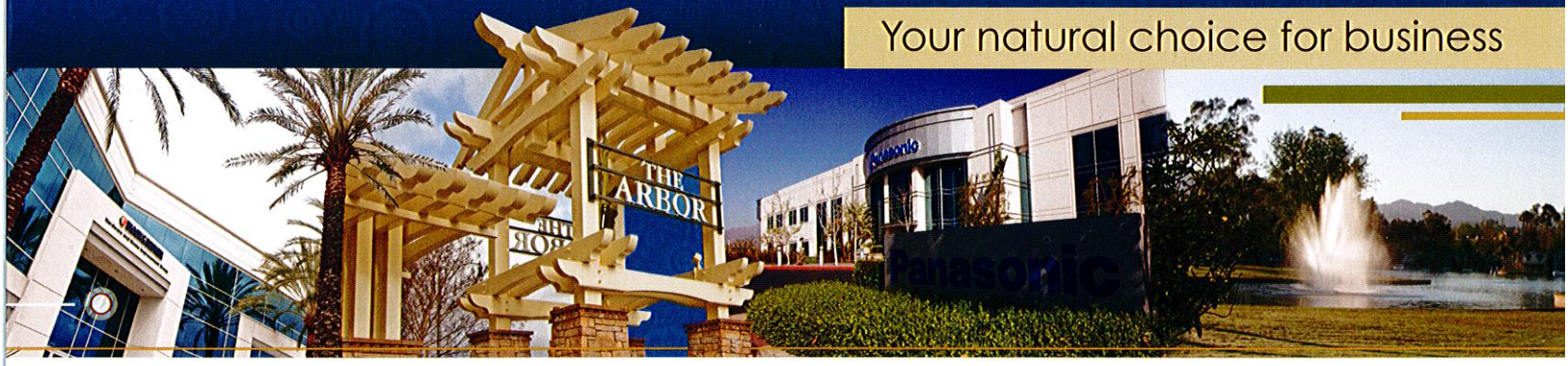
LAKE FOREST
WINTER 2010

In Business

Your natural choice for business



Lake Forest Business Appreciation Luncheon Celebrates Business Success

The City held its annual Lake Forest Business Appreciation Luncheon, on October 13, 2009, to recognize the valuable job and economic contributions of Lake Forest businesses. This event is one of the many benefits the City provides as part of its Business Development and Attraction Program.

This year, 90 senior management representatives from 36 of the City's largest employers and top producing companies attended the event for networking opportunities and a keynote address by Economic Commissioner Dr. Demos Vardiabasis on "The U.S. and Global Economy Today and Future Economic Scenarios."

Companies were able to meet and network with other Lake Forest businesses and form future strategic partnerships for their daily operations.

The luncheon also unveiled the newly created Lake Forest Economic Development video that features Lake Forest companies speaking about what makes Lake Forest a great business location. This video will be used by the City to bring quality companies to the area and expand offerings to the business community.

The Lake Forest Business Appreciation Luncheon is one of many events and seminars the City provides to local businesses. For more information on upcoming business events and seminars, contact us at economicdevelopment@lakeforestca.gov

Check out a few of our companies in attendance!

KAISER ALUMINUM

- A leading producer of fabricated aluminum products
- 11 fabricating facilities in North America
- Headquartered in Lake Forest

Ellison

- The leader in die-cutting innovation and related product development
- Established in 1977 and employs 160
- Headquartered in Lake Forest

CPW²

- A fully integrated marketing company
- Founded in 1978
- Employs 100 employees at its Lake Forest facility

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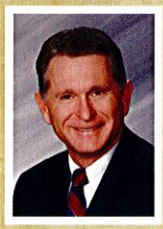
City Manager's Message:

Lake Forest, the Natural Choice for Business



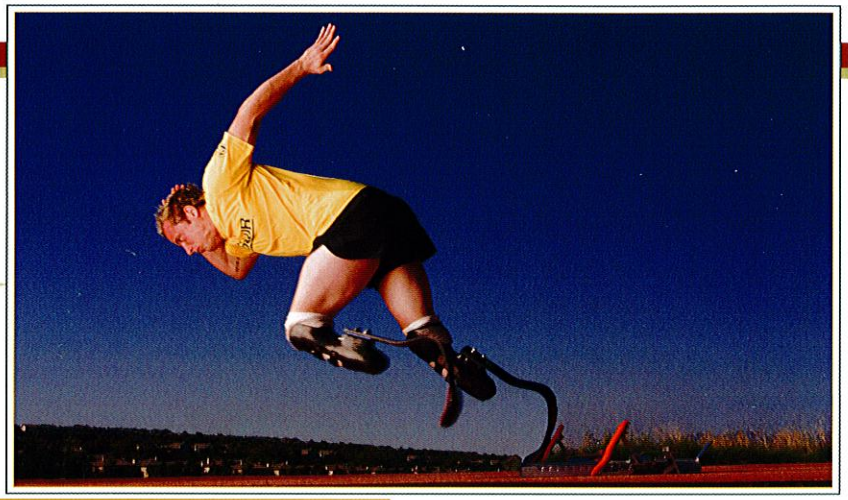
This past year we enhanced our business attraction efforts with the Lake Forest Economic Development video that features Lake Forest companies sharing why they chose to locate in Lake Forest. The video is available for use by Lake Forest companies recruiting senior-level executives and by commercial brokers interacting with potential Lake Forest companies. You can view it online at www.lakeforestbusiness.com.

As a brand new year starts, we are excited to provide you with more business seminars and networking events, including the upcoming CEO Roundtable, "Trim the Fat, Not the Muscle" this spring. The CEO Roundtable is designed by and for CEOs and senior executives. It will feature a panel of top producing Lake Forest companies discussing topics relevant to your business. We also look forward to building a partnership with the new Lake Forest Chamber of Commerce and will keep you informed of possible cosponsored business events and seminars.

As always, we invite you to contact us to schedule a business visitation so we can meet one-on-one with your company, address your specific growth and business needs, and share more of the City's business resources.

We wish you continued business growth and prosperity in 2010.

— Robert C. Dunek
City Manager



Össur:Life Without Limitations

- 19762 Pauling
  Foothill Ranch, CA 92610
- 161 Employees
  in Lake Forest
- 949-362-3883
  www.ossur.com
- Lake Forest Business
  Since 2006

Company Profile: Össur:Life Without Limitations

Össur is on the forefront of innovation, helping people live a *life without limitations*®. It develops and manufactures non-invasive orthopedic products in the form of braces, supports, prosthetic limbs, and compression therapies. It employs a staff of 1,600 in 14 strategic global locations, including Lake Forest, which will be the new home of its Americas corporate headquarters.

Össur has achieved world-wide recognition for its patented technologies, including being named a "Technology Pioneer" by the World Economic Forum. This, combined with ambitious growth and acquisition strategies, has led to global expansion.

The company is expanding and relocating its Össur Americas headquarters to a second Lake Forest location at 27051 Towne Center. It will combine its Aliso Viejo and Camarillo offices to a 38,613-square-foot building, allowing 170 employees in sales, marketing, customer service, finance, and human resources to work cohesively under one roof. It also will maintain R&D and manufacturing operations at the original Lake Forest facility. Össur selected Lake Forest for its headquarters after extensive research, citing its positive experience with the City, a strong labor pool, and the locational benefits for attracting new employees as key factors. "Lake Forest offers our employees everything they need, such as a variety of restaurants and materials suppliers," said Mary Nash, Director of Marketing Communications. "Many of our employees live in the local area, so it is convenient for them."

Össur first came to Lake Forest in 2006 when it acquired Innovation Sports, a Lake Forest tenant since 1983. The acquisition of Innovation Sports is part of Ossur's strategy to grow and advance its technological applications. The company will continue to invest in research, determined to transform the industry and provide a life without limitations.

Business Tips: Reducing Occupancy Costs Tips for Office Space Tenants

While the recession has had a negative effect on most businesses, the soft demand for commercial real estate space has presented an opportunity for tenants to reduce occupancy costs. Tenants may be able to negotiate better leases if any of the following apply:

1) A lease expiring in the next two years
2) Have too much space
3) Signed a lease between 2005 and early 2008, which means that you are likely paying an "over-market" rate
4) Are in a building where the landlord has failed to provide adequate services or maintenance

We recommend maintaining an open dialogue with your landlord to address any occupancy issues. Along with great communication, here are a few cost-saving ideas:

Renogotiate Your Lease

Most landlords are facing serious vacancies and recognize that the Orange County office space market is not going to improve for at least the next two years. Many landlords will "trade" a reduction in your current rent or a decrease in your current square footage in exchange for your commitment to extend your lease.

Consider New Space

While it is expensive and disruptive to move, relocation today is a reality for tenants because of concessions other landlords may be willing to offer. We suggest you work with your real estate advisor to become familiar with all the available properties for sale or lease in Lake Forest and to identify the most cost effective solution for your business. For a snapshot of the available properties, please visit the City's listings at www.lakeforestca.gov/commercialpropertiesnow.

Sublease Your Excess Space

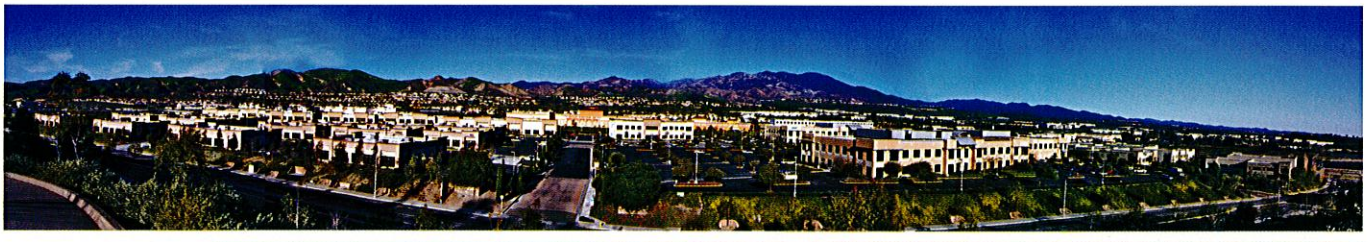
While the soft market conditions may make finding a subtenant difficult, subleasing excess space can reduce your total space costs, even if you offer a "below-market" rate in order to attract prospective tenants. Prepare to be flexible on the length of sublease term and on the financial strength of the subtenant. As always, confirm that your lease allows you to sublease excess space.

Review Operating Expense and Common Area Charges

Landlords sometimes inadvertently overcharge for operating costs and other building maintenance items. Check your lease to see what expenses may be "passed through" to tenants. If you see an unusually large or questionable charge, you can retain your accountant or specialized "lease audit" firm to review the charges.

Ultimately, if your commercial lease situation is anything but perfect, we suggest you meet with your broker or real estate advisor to discuss ways in which you can use the economy's weakness to improve your company's space and profitability.

Studley, Inc. is a 55-year old national tenant representation firm with offices throughout the United States. For questions, contact Michael Props at (949) 660-3551 or mprops@studley.com.



CEO Q&A

Ladeira Poonian, CEO, IBASEt. IBASEt is a Product and Service Implementation Company. Headquartered in Lake Forest, it has been a leading provider of high-tech software solutions and services since 1986. IBASEt was founded by the late Mr. Amrik S. Poonian with the idea to make the manufacturing process paperless.

What is your involvement with IBASEt?
In 1998, Mr. Amrik Poonian unexpectedly passed away. I became the majority shareholder of the company and assumed the role of CEO. Today, I still operate this 23-year-old business, reporting growing revenues. The company has grown over the last few years— a feat rarely equaled by even the most experienced software leaders, let alone a minority woman whose primary expertise was nursing.

What are your goals for 2010?
I endeavor to establish the product Solumina as 'best of breed' by making implementation better, faster, and cheaper than the competitors, by adding new product features and making the product easy to configure, while meeting differing requirements within the customer base.

Who is your inspirational leader?
My late husband, Mr. Amrik Singh Poonian, taught me how to be fully independent, the importance of family, what true love is about, to never give up when the chips are down, and most of all, never make an emotional decision.

Lake Forest Welcomes Mercedes-Benz Dealership

Mercedes-Benz of Foothill Ranch opened on November 20, 2009, in the Foothill Ranch Auto Centre between Bake Parkway and Lake Forest Drive.

The dealership boasts 45,000 square feet of state-of-the-art facilities, the result of a comprehensive remodel and expansion project. It offers an expanded showroom, three additional acres for vehicle display, along with 24 new service bays. Additional on-site amenities include a car wash and customer lounge.

The project required a significant financial investment and is reflective of the dealership's confidence in Lake Forest as a premier business destination as well as the opportunities in the market area.

Bill Legg, General Manager of the new dealership, says, "The dealership is excited to be part of the community and looks forward to building long-term relationships with area schools, businesses, and residents."

With the addition of Mercedes-Benz, the Auto Centre, already home to Joe MacPherson's Foothill Ranch Chevrolet, will continue to be a top destination for car buyers and auto enthusiasts. Swing by the Auto Centre and remember to support the local community by shopping and dining in Lake Forest.

Shop and Dine Lake Forest 2010

Lake Forest wants your help in keeping local businesses prosperous and the City thriving. Join more than 400 participating businesses on the Shop and Dine Lake Forest webpage that is dedicated exclusively to promoting your businesses.

Remember by shopping locally, you can:

- Keep tax dollars in Lake Forest
- Show your city pride
- Support the local community

Visit www.lakeforestbusiness.com today and promote your business!

City News

Check Out What's New With Lake Forest!

- Lake Forest Economic Development Video now online
- New Economic Development website coming in March

CEO Roundtable to Feature Top Producing Lake Forest Companies

A partnership event between the City of Lake Forest and Cushman & Wakefield, the CEO Roundtable will engage attendees and fuel new ideas to drive business performance. Join us in spring 2010. More details to follow.

2010 Business Events

www.lakeforestbusiness.com

- CEO Roundtable – spring
- Exploration Day in The Arbor – spring
- Secrets to Small Business Success – spring
- New Business Reception – spring/summer
- Broker Workshop – spring/summer
- Business Appreciation Luncheon – fall
- Lake Forest Job Fair – fall

Businesses in the News - Read more at

www.lakeforestbusiness.com

- Black & Decker Awarded "Top Places To Work 2009" by the Orange County Register
- Ecotek Lighting Receives Harvey Mudd College Green Engineering Certificate Of Merit
- Intertek Awarded CBTL Accreditation for Photovoltaic Panels
- Panasonic Avionics Celebrated its 30th Anniversary on October 5, 2009
- Sole Technology Expands Distribution to Germany

Submit philanthropic efforts, notable recognitions, and celebrations to economicdevelopment@lakeforestca.gov.

Project Updates:

Go Local: Connecting with Metrolink

A study is underway for a potential commuter shuttle that would transport Metrolink riders arriving at the Irvine station to northern Lake Forest business parks. In fall 2009, the City began Step Two of the comprehensive service planning process for the commuter shuttle program. This step will prepare the proposals to compete for Renewed Measure M funds as part of Step Three – the project implementation phase. Detailed service planning will include an analysis of passenger demands and needs, route segment performance, system performance, impact to existing fixed route service, ADA compliance, resource requirements, and financial parameters. Step Two will take one year to complete.

Alton/Parkway Extension:

A Smoother Connection for Lake Forest

Completing the Alton Parkway gap closure is a major goal of the City and community. The project will be undertaken in two segments.

The County of Orange is the lead agency for the first segment between Irvine Boulevard and Commercentre Drive. Construction plans are complete, and the County recently awarded a construction contract. Pending approval of required regulatory permits, including the California Department of Fish and Game, the County hopes to begin construction soon. Construction is expected to last twelve months.

The remaining portion of the gap closure, from Commercentre Drive to Town Centre Drive, is in the City limits. The completion of this segment is affected by the development of the surrounding land, which is owned by Shea Baker Ranch Associates (SBRA). The City is working cooperatively with SBRA to expedite the completion of this segment. The City Council recently awarded a design contract to begin construction plans. The City's goal is to complete the plans in time to allow for concurrent or a seamless continuation of construction once the County completes its segment.

For more information please contact the County (714) 834-2300 or visit the City's web site at www.lakeforestbusiness.com.

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Broker Corner: Hard Decisions Made Easier- Opportunity in Lake Forest

by Andrew Morrow, CB Richard Ellis

This winter marks an end to a business environment unlike any we have seen in generations. The Orange County commercial real estate market continues to experience sharp adjustments with falling lease rates and property values, increasing vacancy, and lack of demand.

While fewer companies relocated or expanded and many downsized or renewed, some positive signs are surfacing. Many brokers feel that the maligned office market may finally be reaching bottom, and the industrial market has shown signs of life, posting slightly higher gross activity figures than that of last quarter. These times can offer opportunity for those who are prepared and well-informed. If captured, the declining market can offer historic savings for tenants and buyers in 2010.

A core of local corporations capitalized on economic incentives: I-Flow Corporation, Me & My Big Ideas, BH North America, and TMS renewed their leases in Lake Forest this year, absorbing nearly 220,000 square feet between them. The City of Lake Forest remained the right choice for their business with attractive rents, established business and residential communities, ideal employee base, and business-friendly regulations.

At the end of the third quarter, the City's combined vacancy rate for Industrial property (Manufacturing/ Warehouse/R&D) was fairly low at 8.2% (compared to 14.6% vacancy in the Irvine Spectrum). Lake Forest's Industrial and R&D market remained reasonably healthy, with a vacancy rate of only 1.1%.

A few new tenants relocated to Lake Forest. Notable tenants were Aten Technology, which relocated from two facilities in the Irvine Spectrum to 40,000 square feet on Da Vinci, and Segue Corporation, which consolidated three Rancho Santa Margarita facilities into 32,000 square feet on Descartes in Foothill Ranch. Competitive economics, along with the high image, corporate neighbors, and strategic geographic location, made the site selection an easy decision for these businesses.

These case studies illustrate the opportunity that exists in this "down" market and how competitive the City of Lake Forest continues to be. Corporations can make assured and informed real estate decisions with expert advice and attention that characterize our team and the City of Lake Forest. Now is the time to plan for 2010 to ensure that the future is met with confidence, lower occupancy costs, and improved operational efficiencies.