



Extreme Makeover

Hopkins to Remediate and Develop 168 Acres in Carson

The old adage "making a silk purse out of a sow's ear" could have been invented for our high-profile acreage in Carson, considered the last, vast stretch of undeveloped property in urban Southern California.

The sow's ear part is in reference to its environmentally impaired status – its history of contamination, abandonment and failures to launch improvements and places of community pride, including an NFL stadium.



Carson Marketplace

The silk purse? Its future after remediation and development by HREG and LNR Property Corporation as a successful mixed-use project called Carson Marketplace.

HREG got control of the former Cal Compact Corporation landfill from LA Metro Mall, LLC in December 2003 with a village concept in mind. The property had undisputed potential due to size and location, with 2,500 feet of frontage on the 405 freeway, just east of the 110 freeway, in Carson, California.

After enjoying a great relationship with the city of Carson (from redeveloping SouthBay Pavilion there with Genesis L.A. Real Estate Fund), HREG is enthusiastic about continuing to work with the city on this massive mixed-use project, which closed escrow last September.

"We feel that the property has great potential as one of the most significant sites in the Los Angeles basin. When developed, Carson Marketplace will not only serve the residents of the city of Carson, but will also be a big draw for the greater South Bay area," said HREG President and CEO Steve Hopkins.

So where does the plan for development stand today? According to COO Dennis Reyling, unanimous approval of the Owner's Participation Agreement (OPA), from the City of Carson's Redevelopment Agency in July, marks a solid commitment to the \$115 million remediation and public improvements scheduled to begin in the first quarter of 2007.

"During the 36 months of landfill clean-up and public improvements, we will construct landfill remediation systems to make the site permanently safe for development and will improve the surrounding public streets and intersections to reduce congestion and increase safety. As part of the remediation project, systems will be installed and permanently maintained, which will clean contaminants from the ground water, remove and safely burn off landfill gases and permanently seal off the landfill contents insuring the safety of the development above," Dennis said.

"The ultimate goal of the development team is to take what has been a liability to the community of Carson and transform it into a vibrant, dynamic and productive community asset where people live, work, shop and socialize in a clean, safe and exciting environment. The project will not only generate millions in new tax revenues for the City, but will generate thousands of new jobs," he added.

More Hopkins Dirt:
Page 2



A Hopkins History

- 1972**
Company founded, developing Newport Beach office site
- 1973**
Steve Hopkins attends first ICSC conference "The ABC's Of Developing Retail" and builds first convenience center in Huntington Beach, developing relationships with supermarket chains
- 1979**
Opened Corporate Plaza with home office in Newport Beach
- 1981**
HREG works with HUD to acquire UDAG, and redevelops the Maywood project with Boys Market, Thrifty Drug and McDonald's
- 1985**
Hopkins redevelops declining Lakewood site as thriving Lakewood Marketplace
- 1988**
Hopkins converts La Mirada Mall to vibrant La Mirada Towne Center
- 1995**
HREG "de-malls" in Long Beach, turning Los Altos Shopping Center into thriving new power center
- 2002**
Hopkins named preferred developer by Newhall Land to develop 220,000 sq ft of retail in Valencia & celebrates 30-year anniversary
- 2004**
HREG forms partnership with Rockwood Capital Corporation. With Rockwood, closes escrow on properties in Talega/San Clemente and Riverside County
- 2005**
Corporate office moves from Newport Beach to Irvine, California

President's Message

How Do You Find and Keep Good People?

When I left the ICSC Convention in Las Vegas last year, I was thinking about the one take-home point that seemed to transcend the others. What stood out in my mind, and in the minds of many colleagues on the show floor and at our ICSC Board meeting, was: *How do you find good people in today's marketplace to join your organization and how do you keep them compensated well enough to stay in your organization?*

This was discussed at our ICSC Board meeting, and in a number of conversations I had with people over the five days I was in Las Vegas. This included retailers, lending institutions, architectural firms, contractors and, of course, development companies like ours.

There was a great deal of discussion regarding the incredible amount of turn-over among the various organizations. I spoke with a good friend of mine who has been a real estate attorney for years who said that he really had a difficult time finding and keeping good attorneys, as there has been tremendous turn-over in that industry. Talking to a couple of retailers, I learned that their big challenge is finding good people (many of them right out of college) to train, put on the sales floor and eventually place in middle and upper management.

At one point, we thought putting the word out was all that was necessary to find the right financial analyst. After about 60 days and no qualified applicant, our CFO suggested we hire an executive search firm. I told him I didn't think that was necessary, offering instead my brilliant idea to place a couple ads in periodicals such as the Wall Street Journal and the Los Angeles Times, as well as on Monster.com.

It was almost comical to see the resumes we received from people – most of them unqualified. We even got one resume, believe it or not, from a guy who was driving a cab in Dublin, Ireland. Again, mind you, he was answering an ad for a financial analyst. We finally signed up with an agency, and found our person about 90 days later.

Next challenge: once you find the right people, how do you keep them with your organization, especially on the development side? Some development companies pay key people such as project managers and leasing people on a salary and bonus basis. In most cases, the bonus is purely discretionary. Companies, especially REITS, can pay their people a base plus a bonus, and an additional incentive with stock. Other organizations (including ours) compensate leasing people on a commission basis, and key people such as project managers, development managers, CFO's, etc., with equity ownership. Even with all this, there is a tremendous amount of movement in the industry.

(continued on page 4)



DIGGING IN

The Dirt on Vernola Marketplace

HREG broke ground on Vernola Marketplace last summer, kicking off construction on the 385,000-square-foot community shopping center, located at the southeast corner of I-15 and Limonite Avenue in unincorporated Riverside County, California.

Vernola Marketplace will bring Lowe's, Bed Bath & Beyond, Ross, Dress For Less, Michaels, Petco, Denny's and Fashion Q to the 40-acre parcel serving residents of the new Eastvale Community, Mira Loma, Ontario, Norco and parts of Corona.



John Tavaglione, John Fields, Brian Hopkins, Dennis Reyling, Todd Giarrante, Don Clark

Brian Hopkins, VP/Development Manager for HREG, recognized the collaborative efforts of partner Rockwood Capital and the HREG team at the ceremony. "The start of construction is a great time to recognize the efforts taken thus far, and to look ahead to what is to come," he said.

Construction on Vernola Marketplace is expected to continue through spring 2007.

... and on Imperial Promenade

HREG hosted a groundbreaking ceremony in October, with project partner Arnel Capital Partners, to launch construction for Imperial Promenade, their 220,000-square-foot shopping center in Orange County's La Habra, California.

The event, located on the vacant 17.08-acre site at Imperial Highway and Idaho Street, included remarks by HREG VP/Development Manager Brian Hopkins, and La Habra Mayor Pro Tem James Gomez. "Imperial Promenade will add tremendous value to residents and the city, as well as creating jobs in the community," Brian said.

Committed tenants include Target, Circuit City and other restaurants and retail. Construction is expected to continue through summer 2007.



Carlos Jaramillo, Steve Anderson, Brian Hopkins, Mayor Pro Tem James Gomez, David McCauley



Back By Popular Demand

Thomas D. Lenny Rejoins Hopkins To Source New Development Opportunities

He's back. Or is he?

The HREG office has moved, the portfolio has boomed, the lunchroom has green tea, Tracey Zimmerman is Tracey Casey, and nobody has time for golf. Definitely not déjà vu.

"A lot has changed in six years, which makes everything I'm doing now at Hopkins fresh and exciting," said Tom, who was a highly respected team member at HREG for 18 years in the 1980s and '90s.



Thomas D. Lenny

"It is the perfect time for Tom to rejoin HREG," said Steve Hopkins. "He leaves a great association with Cousins to help us source new opportunities and acquisitions as we continue to fill our pipeline with significant projects."

During the last six years, Tom has been responsible for site acquisition, development and major tenant relations for Cousins Properties' Western Region retail operations out of Irvine. He has more than 30 years experience in commercial development.

His familiarity with all current HREG California development locations will be a tremendous asset to those who knew him then, and new team members who welcome him now.

Tracey Zimmerman Marries Patrick Casey

She put Hopkins on hold, and said "I do" to Pat. Tracey and Patrick Casey were married on September 9, 2006 in Carmel-By-The-Sea, California.

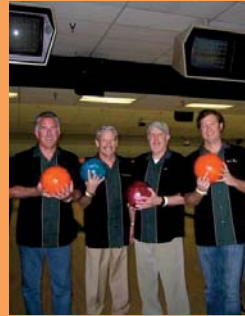


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Sports, illustrated.
The 2007 Hopkins Retreat



John Hopkins, Dennis Reyling, Steve Hopkins, Eli Wendell



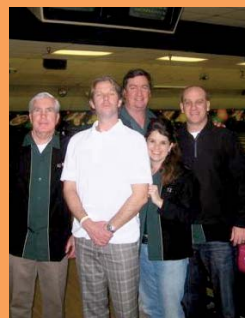
Dennis Reyling, Mike Moore, Steve Hopkins, Tom Lenny, Larry Weese



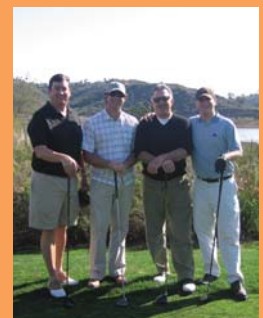
Mike Moore



Dean Isaacs, Mike Haines, Sharon Courtney, Larry Weese, Mike Moore



(back) Tom Lenny, Dwight Belden, Jeff Hopkins (front) Brian Hopkins, Tracey Zimmerman



Dwight Belden, Eli Wendell, John Hopkins, Jeff Hopkins



Jeff Hopkins



Steve Hopkins, John Hopkins, Tom Lenny

President's Message *continued from page 2*

I have had several unsolicited interviews over the last few years, as I'm sure many people have, with people wanting to leave one development company and go to the next because a particular compensation package didn't work out, or because the individual thinks he or she has outgrown the compensation package. Often, people simply want to move on.

I'm somewhat lucky, in that one of the ways I've been finding good people is to breed them. My son, Brian, who is a development manager, has been with the company about 10 years. Jeff, who is now involved in leasing and project management, has been with the company five years, and my youngest daughter, Leslie, just joined us a year ago to become involved in leasing. Not bad, three out of four. My oldest daughter, Katie, will have nothing to do with the development business. She lives in Venice and works in Santa Monica in the entertainment industry.

Seriously, I've been very fortunate to find key people through referrals from people with whom we work closely – Dennis Reyling who is our COO/Director of Development and very much involved in all of our development projects, was referred

by Tim Mayeda, president of contractor Lyle Parks with whom we do business.

That brings up another point – rehiring people who have left the company. I've seen comments from people who run big organizations (three of them actually) that include the credo to never rehire someone that has left the company. Either those people are really smart or I am exceedingly stupid because Tom Lenny who has just rejoined our company (Tom was with us for 18 years and then with Cousins Properties for 6 years) makes the eighth rehire in the history of our company. In my opinion (and again these other guys may be smarter than me) bringing someone on who was with your company -- where the experience was a good one -- is a no-brainer. You know what you are getting and so does that person.

All in all, finding and keeping good people is one of the most difficult challenges in any industry, and ours is no exception. But if you find the right people, you need to do whatever it takes to keep them because, obviously (as Jim Collins said in his book *From Good to Great*) it's not what but who – "if you get the right people on the bus, your company will be successful."

Steve Hopkins



California Business Properties Association Awards Dinner
Steve Hopkins, with David Team of LNR Property Corporation and CBPA Chairman Of The Board Nate Garvis (also TARGET's vice president, national governmental affairs), at the 2006 association's awards dinner. Steve emceed the event, and presented the Champion of the Industry Award to David Team.



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