

WARNER-EUCLID PLAZA

Marcus & Millichap
DUONG INVESTMENT GROUP



11035-11095 WARNER AVENUE, FOUNTAIN VALLEY, CA 92708

OFFERING MEMORANDUM

WARNER-EUCLID PLAZA



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INVESTMENT OVERVIEW

Investment Highlights



100% Occupied Shopping Center Anchored by Stater Bros. – Excellent Curb Appeal with Recent Improvements Completed by Seller and Tenants



High-Identity, Signalized, Corner Location at the Intersection of Warner Avenue & Euclid Street – Traffic Counts Exceed 68,900 Cars Per Day



Located Directly Across from Fountain Valley Regional Hospital (Recently Acquired by UCI Health) and Mile Square Park, a 640-Acre Regional Park & Recreation Center

Rare Fountain Valley, CA Retail Offering

- ▶ Long-Term Leasehold Investment with Favorable Terms – Low Overall Ground Rent and Excellent Tenant Operating History Provides for Stable and Sustainable Cash Flow Over the Lease Term
- ▶ Over \$41,000,000 in Cash Flow is Projected in the Remaining Lease Term - Please See Pages 9 and 10 and Contact Agent for More Details
- ▶ Strong Value-Add Opportunity at Stater Bros. Lease Expiration – Current Rent is Well Below Market, Providing the Opportunity to Achieve a 13.90% Cap Rate After Renewing Stater Bros. at Market Rent

Pride of Ownership Property with Strong Real Estate Fundamentals

- ▶ The Subject Property is Located Across from UCI Health – Fountain Valley Hospital and Over 120,000 SF of High Quality, Recently Renovated Medical Offices
- ▶ Fountain Valley is Home to the U.S. Headquarters for Hyundai, Yakult, Kingston Technology, and Many More Large Companies. The City has Seen a Recent Surge in New Development, Likely Due to its Convenient Location and High Quality Standard of Living
- ▶ Brand New Roof Systems Recently Installed by Seller | Major Tenants Have Invested Over \$1.2 Million in Recent Tenant Improvements, Proving Their Commitment to the Location
- ▶ Centrally Located and in Close Proximity to the Area's Major Freeways (405, 55, 5, and 22 Freeways)
- ▶ Dense, Infill Location with Nearly 720,000 Residents Within a Five-Mile Radius
- ▶ Strong Average Household Income of \$115,186 Within Five Miles - Well Above the National Average



INVESTMENT OVERVIEW

Aerial Photo



INVESTMENT OVERVIEW

Close-Up Aerial Photo



SOUTH
COAST
PLAZA



SUBJECT PROPERTY



FV Medical Offices
±120,000+ SF

UCI Health
Fountain Valley
Regional Hospital

Euclid Street
±30,900 Cars Per Day

Warner Avenue
±38,000 Cars Per Day



Mile Square
Regional Park, Golf,
& Recreation Center



INVESTMENT OVERVIEW

Tenant Spotlight

Stater Bros.

Headquartered in San Bernardino, CA, Stater Bros. Markets is proudly celebrating 87 years of serving Southern California families.



Today, Stater Bros. operates 169 supermarkets in seven counties throughout the area, and has approximately 18,000 employees with annual sales of over \$4 billion.

Additionally, the Company remains steadfast in its commitment to “not just doing business in the community, but being part of the community.”

Since 2008, Stater Bros. has contributed more than \$80 million in food and funds to countless local organizations that support hunger relief, children’s well-being, education, health, and help for our Nation’s Veterans and active service members.

Website	www.staterbros.com
# of Locations	169+ Across Southern California



WaBa Grill is an American fast casual restaurant chain specializing in healthy foods. Based in the Southwestern United States and founded in 2006, it has been called “one of the nation’s leading healthy rice bowl chains”.

As of 2023, the chain has 115 restaurants in two states, Arizona and California. It plans to expand into Nevada, with eight proposed stores in Clark County set to open by 2027. Other expansion projects encompass the Dallas–Fort Worth metroplex, Central California, and Maricopa County, Arizona.

Website	www.wabagrill.com
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“The quality of the meat here is top-tier--way better than what I’ve had at Boiling Point... the value was excellent considering the generous portions and quality of food. This spot is perfect for late-night hot pot after a long day at work.” - Trong N., Yelper

Hot °C Pot

Known for its all-you-can-eat options, Hot °C Pot offers an extensive menu with a variety of fresh ingredients, including high-quality meats, seafood, and vegetables, allowing diners to cook their meals at the table.

With a cozy, modern interior and a focus on traditional flavors paired with a customizable dining experience, Hot °C Pot has become a popular destination for locals and visitors alike looking to enjoy interactive and flavorful cuisine.



Yummy Pho

From Yelp: Yummy Pho is a Vietnamese beef pho restaurant, where we specialize in serving the most authentic and delicious pho in town. Our restaurant is designed to provide a cozy and welcoming atmosphere, allowing you to sit back, relax, and enjoy your meal.

Our signature dish is the beef pho, which is made using only the freshest ingredients and traditional Vietnamese cooking techniques. The broth is slow-cooked for hours with a blend of fragrant herbs and spices, creating a rich and savory flavor that will tantalize your taste buds.



FINANCIAL ANALYSIS

Offering Summary

Property Name	Warner-Euclid Plaza (Leasehold Interest)
Property Address	11035-11095 Warner Avenue Fountain Valley, CA 92708
Assessor's Parcel Number	144-031-37, 144-031-38, 144-031-39
Current Occupancy	100%
Year Built	1978
Gross Leasable Area (GLA)	±47,685 Square Feet (±23,285 Square Feet - Shops & Restaurants) (±24,400 Square Feet - Stater Bros.)
Lot Size	±4.53 AC (±197,327 Square Feet)

Pricing

Price	\$13,400,000
Cap Rate (Current)	6.65%
Cap Rate (Year 11 - See Page 9)	13.90%

Financing Quote (as of November 2024)

% Down / Down Payment	40.00% / \$5,360,000
Loan-to-Value / Loan Amount	60.00% / \$8,040,000
Interest Rate	6.25%
Amortization	25-Year
Loan Program	2-Year Interest Only, 5-Year Fixed, 10-Year Term

NOTE: Financing quotes are time sensitive and subject to change.

Annualized Operating Data

Current

Gross Potential Rent	\$849,829
Administrative Fees	\$21,724
Ground Sublease Income*	\$155,853
Expense Reimbursements	NNN
Gross Potential Income	\$1,027,406
Ground Lease Expense	(\$135,853)
Operating Expenses	NNN
Net Operating Income	\$891,553
Debt Service	(\$502,500)
Cash Flow After Debt Service	\$389,053
Cash on Cash Return	7.26%

Ground Lease Overview

Lease Commencement	June 18, 1973
Expiration (with Two, Five-Year Options)	June 18, 2048
Term Remaining	±23.5 Years
Increases	CPI-U Data Over Base Index Increases on June 18, 2028 & June 18, 2038

*Ground Sublease Overview

Lease Commencement	December 23, 1977
Expiration (with One, Five-Year Option)	August 9, 2034
Term Remaining	±9.75 Years
Increases	CPI-U Data Over Base Index + \$20,000 Increases on June 18, 2028

GROUND SUBLEASE NOTES:

- ▶ Technical Equity Opportunities, LLC (TEO) is the Groundlessee under the Ground Sublease.
- ▶ TEO is the Lessor under a separate lease with Stater Bros. Including its one, five-year option, the Stater Bros. lease expires on the same date as the Ground Sublease (August 9, 2034).
- ▶ Please review the rent roll and cash flow overviews (pages 7-9) and contact Agent for additional details.

FINANCIAL ANALYSIS

Rent Roll - As of January 1, 2025

Suite	Tenant Name	GLA	% of GLA	Expires	Current Monthly Rent	Current Rent/SF/Mo	Lease Type	Increases	Options
11035	Yummy Pho	3,500	15.03%	06/30/2029	\$9,911.50	\$2.83	NNN	CPI Annual (Min. 3%)	Two, Five-Year @ FMV
11037	Mail Shipping Etc.	750	3.22%	02/28/2027	\$2,195.58	\$2.93	NNN	CPI Annual (Min. 3%)	None
11039	Katie Beauty	750	3.22%	09/30/2027	\$2,212.83	\$2.95	NNN	CPI Annual (Min. 4%)	One, Five-Year @ FMV
11041	China Bowl	1,000	4.29%	03/31/2025	\$3,919.50	\$3.92	NNN	CPI Annual (Min. 3%)	None
11045	WaBa Grill	2,240	9.62%	01/31/2027	\$9,967.17	\$4.45	NNN	CPI Annual (Min. 3%)	One, Five-Year & One, 6.3-Year @ FMV
11055	FV Pharmacy	1,000	4.29%	08/31/2027	\$2,745.42	\$2.75	NNN	CPI Annual (Min. 3%)	One, Five-Year @ FMV
11057	Dr. Truong DDS	750	3.22%	06/30/2026	\$2,190.67	\$2.92	NNN	CPI Annual (Min. 3%)	One, Five-Year @ FMV
11059-61	Dr. O'Connor DDS	2,000	8.59%	07/31/2029	\$5,710.50	\$2.86	NNN	CPI Annual (Min. 3%)	One, Five-Year @ FMV
11063-65	Star Nails	1,500	6.44%	03/31/2028	\$4,283.75	\$2.86	NNN	CPI Annual (Min. 4%)	One, Five-Year @ FMV
11067	Cleaners (Dropoff Only)	1,000	4.29%	02/29/2028	\$2,814.58	\$2.81	NNN	CPI Annual (Min. 3%)	None
11069	Godfather Shades	750	3.22%	11/30/2026	\$2,114.50	\$2.82	NNN	CPI Annual (Min. 3%)	None
11071	Sip Coffee Shop	750	3.22%	11/30/2026	\$2,268.25	\$3.02	NNN	CPI Annual (Min. 4%)	One, Five-Year @ FMV
11073-75	Optometry	2,250	9.66%	02/29/2028	\$6,446.92	\$2.87	NNN	CPI Annual (Min. 4%)	One, Five-Year @ FMV
11095	Hot C Pot	5,045	21.67%	01/31/2031	\$14,037.92	\$2.78	NNN	CPI Annual (Min. 3%)	Two, Five-Year @ FMV
# of Tenants: 14	Total Available: Total Occupied:	0 SF 23,285 SF	2025 Avg. Monthly Rent: 2025 Annual Rent:	\$70,819 \$849,829	2025 Average Rent/SF/Mo: \$3.04/SF				

Ground Sublease Overview

Tenant	Expires	Current Monthly Rent	Current Rent/SF/Mo	Increases	Options
Technical Equity Opportunities, LLC (Lessor to Stater Bros. Under a Separate Lease)	08/09/2029	\$12,987.75 (\$155,853/Year)	\$0.53*	Master Ground Lease Rent +\$20,000 (Next: 06/18/2028)	One, Five-Year

*Based on Stater Bros. GLA of 24,400 Square Feet.

FINANCIAL ANALYSIS

Cash Flow

Year	Cash Flow	Cap Rate
2025	\$891,552	6.65%
2026	\$919,959	6.87%
2027	\$935,105	6.98%
2028	\$964,952	7.20%
2029	\$995,796	7.43%
2030	\$1,027,669	7.67%
2031	\$1,060,608	7.91%
2032	\$1,094,649	8.17%
2033	\$1,129,829	8.43%
2034 (SB Lease Exp.)	\$1,420,552	10.60%
2035 (SB 1st Full Year)	\$1,862,510	13.90%
2036	\$1,927,452	14.38%
2037	\$1,994,483	14.88%
2038	\$2,034,651	15.18%
2039	\$2,081,512	15.53%
2040	\$2,155,229	16.08%
2041	\$2,231,324	16.65%
2042	\$2,309,874	17.24%
2043	\$2,390,961	17.84%
2044	\$2,474,669	18.47%
2045	\$2,561,083	19.11%
2046	\$2,650,294	19.78%
2047	\$2,742,394	20.47%
2048 (June Exp.)	\$1,418,739	N/A
Total	\$41,275,845	

Ground Sublease (Stater Bros.) Value-Add Opportunity

- ▶ Stater Bros. offers significant upside in this investment.
- ▶ In 2034, the subject leasehold will have the ability to collect rent directly from Stater Bros. and sign a lease at fair market value.
- ▶ Stater Bros's renewal rate is projected at \$2.94/SF NNN, based on a 3% annual increase from today's market rate of \$2.25 NNN.
- ▶ Under this renewal rate, a Buyer will realize a projected cap rate of 13.90% from their original investment – a rate that far exceeds that of any comparable investment opportunity.



\$155,853

Current Net Rental Income - Stater Bros. Sublease



AUGUST 9, 2034

Ground Sublease Expiration Date (including option)



\$1,148,384

Projected Cash Flow from Shops - 2035



\$870,025

Projected Cash Flow from Stater Bros. - 2035

FINANCIAL ANALYSIS

Cash Flow Analysis

Suite	Tenant	Expiration	Options To	Annual CPI Increase (Minimum)	Annual Rent											
					2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	
11035	Yummy Pho	6/30/2029	6/30/2039	3%	\$118,938	\$122,506	\$126,181	\$129,967	\$133,866	\$137,882	\$142,018	\$146,279	\$150,667	\$155,187	\$159,843	
11037	Mail Shipping Etc.	2/28/2027	N/A	3%	\$26,347	\$27,137	\$27,952	\$28,790	\$29,654	\$30,543	\$31,460	\$32,403	\$33,376	\$34,377	\$35,408	
11039	Katie Beauty	9/30/2027	9/30/2032	4%	\$26,554	\$27,616	\$28,721	\$29,870	\$31,064	\$32,307	\$33,599	\$34,943	\$36,341	\$37,795	\$39,306	
11041	China Bowl	3/31/2025	N/A	3%	\$47,034	\$48,445	\$49,898	\$51,395	\$52,937	\$54,525	\$56,161	\$57,846	\$59,581	\$61,369	\$63,210	
11045	WaBa Grill	1/31/2027	5/31/2038	3%	\$119,606	\$123,194	\$126,890	\$130,697	\$134,618	\$138,656	\$142,816	\$147,100	\$151,513	\$156,059	\$160,740	
11055	FV Pharmacy	8/31/2027	8/31/2032	3%	\$32,945	\$33,933	\$34,951	\$36,000	\$37,080	\$38,192	\$39,338	\$40,518	\$41,734	\$42,986	\$44,275	
11057	Dr. Truong DDS	6/30/2026	6/30/2031	3%	\$26,288	\$27,077	\$27,889	\$28,726	\$29,587	\$30,475	\$31,389	\$32,331	\$33,301	\$34,300	\$35,329	
11059/61	Dr. O'Connor DDS	7/31/2029	7/31/2034	3%	\$68,526	\$70,582	\$72,699	\$74,880	\$77,127	\$79,440	\$81,824	\$84,278	\$86,807	\$89,411	\$92,093	
11063/65	Star Nails	3/31/2028	3/31/2033	4%	\$51,405	\$53,461	\$55,600	\$57,824	\$60,137	\$62,542	\$65,044	\$67,645	\$70,351	\$73,165	\$76,092	
11067	Cleaners	2/29/2028	N/A	3%	\$33,775	\$34,788	\$35,832	\$36,907	\$38,014	\$39,154	\$40,329	\$41,539	\$42,785	\$44,069	\$45,391	
11069	Godfather Shades	11/30/2026	N/A	3%	\$25,374	\$26,135	\$26,919	\$27,727	\$28,559	\$29,415	\$30,298	\$31,207	\$32,143	\$33,107	\$34,101	
11071	Sip Coffee Shop	11/30/2026	11/30/2031	4%	\$27,219	\$28,308	\$29,440	\$30,618	\$31,842	\$33,116	\$34,441	\$35,818	\$37,251	\$38,741	\$40,291	
11073/75	Optometry	2/29/2028	2/28/2033	4%	\$77,363	\$80,458	\$83,676	\$87,023	\$90,504	\$94,124	\$97,889	\$101,804	\$105,877	\$110,112	\$114,516	
11095	Hot C Pot	1/31/2031	1/31/2041	3%	\$168,455	\$173,509	\$178,714	\$184,075	\$189,598	\$195,286	\$201,144	\$207,178	\$213,394	\$219,796	\$226,389	
Vacancy Reserve (Year 3+: 3% w/o Restaurants)					\$0	\$0	(\$14,207)	(\$14,693)	(\$15,195)	(\$15,715)	(\$16,253)	(\$16,810)	(\$17,386)	(\$17,983)	(\$18,600)	
Total Shops Gross Rent					\$849,829	\$877,149	\$891,155	\$919,805	\$949,391	\$979,944	\$1,011,496	\$1,044,082	\$1,077,734	\$1,112,489	\$1,148,384	
11085	Ground Sublease/ Stater Bros.	08/09/2029	08/09/2034	N/A	\$155,853	\$155,853	\$155,853	\$185,879	\$211,285	\$211,285	\$211,285	\$211,285	\$211,285	\$211,285	\$465,647	\$870,025
Total Gross Potential Rent					\$1,005,682	\$1,033,002	\$1,047,008	\$1,105,684	\$1,160,676	\$1,191,229	\$1,222,781	\$1,255,367	\$1,289,019	\$1,578,137	\$2,018,409	
Expense Reimbursements - Shops (NNN Leases)					\$220,931	\$231,977	\$243,576	\$255,755	\$268,542	\$281,970	\$296,068	\$310,871	\$326,415	\$342,736	\$359,873	
Expense Reimbursements - Stater Bros. (NNN Lease)					\$91,115	\$95,671	\$100,454	\$105,477	\$110,751	\$116,288	\$122,103	\$128,208	\$134,618	\$141,349	\$148,416	
Administrative Fee (Shops - 10% of Expenses, Excluding Taxes)					\$17,910	\$18,805	\$19,746	\$20,733	\$21,770	\$22,858	\$24,001	\$25,201	\$26,461	\$27,784	\$29,173	
Administrative Fee (Stater Bros. - 10% of Expenses, Excluding Taxes)					\$3,814	\$4,004	\$4,204	\$4,415	\$4,635	\$4,867	\$5,111	\$5,366	\$5,634	\$5,916	\$6,212	
Gross Potential Income					\$1,339,451	\$1,383,459	\$1,414,988	\$1,492,063	\$1,566,374	\$1,617,212	\$1,670,063	\$1,725,013	\$1,782,148	\$2,095,922	\$2,562,084	
Expenses (Shops - All Leases are NNN)					(\$220,931)	(\$231,977)	(\$243,576)	(\$255,755)	(\$268,542)	(\$281,970)	(\$296,068)	(\$310,871)	(\$326,415)	(\$342,736)	(\$359,873)	
Expenses (Stater Bros. - NNN Lease)					(\$91,115)	(\$95,671)	(\$100,454)	(\$105,477)	(\$110,751)	(\$116,288)	(\$122,103)	(\$128,208)	(\$134,618)	(\$141,349)	(\$148,416)	
Ground Lease Expense					(\$135,853)	(\$135,853)	(\$135,853)	(\$165,879)	(\$191,285)	(\$191,285)	(\$191,285)	(\$191,285)	(\$191,285)	(\$191,285)	(\$191,285)	
Cash Flow - Warner-Euclid Plaza					\$891,552	\$919,959	\$935,105	\$964,952	\$995,796	\$1,027,669	\$1,060,608	\$1,094,649	\$1,129,829	\$1,420,552	\$1,862,510	

MARKET OVERVIEW

Regional Map



±68,900

CARS PER DAY AT THE WARNER/EUCLID INTERSECTION



±8 MILES

TO JOHN WAYNE INTERNATIONAL AIRPORT (SNA)



±2 MILES

FROM THE WARNER AVENUE ENTRANCE EXIT TO THE 405 FREEWAY



±4 MILES

FROM THE EUCLID STREET ENTRANCE EXIT TO THE 22 FREEWAY

MARKET OVERVIEW

The City of Fountain Valley, CA

The City of Fountain Valley is located in the heart of Orange County, just minutes from many points of interest.

Since its incorporation in 1957 and throughout its rich history, the City of Fountain Valley has been known as “A Nice Place to Live.”

Residents of the city have adopted this motto thanks to the well maintained streets and parkways, 20 parks, wide range of recreation programs for all ages, great weather throughout the year, and overall quality of life. Business also consider Fountain Valley to be a “Nice Place to do Business” as well.

Fountain Valley is home to Mile Square Regional Park, a 640-acre park containing two lakes, three 18-hole golf courses, playing fields, picnic shelters, and a 20-acre urban nature area planted with California native plants, a 55-acre recreation center with tennis courts, basketball courts, racquetball courts, a gymnasium, and the Kingston Boys & Girls Club/

There is also a community center and a 16,652-square-foot senior center that opened in September 2005. A major redevelopment of the recreation center and city-administered sports fields was completed in early 2009.

Economy

As a suburban city, most of Fountain Valley’s residents commute to work in other urban centers. However, in recent years, the city has seen an increase in commercial jobs in the city, with the growth of a commercial center near the Santa Ana River known as the “Southpark” district.

Fountain Valley is home to the national headquarters of Hyundai Motor America and D-Link Corporation, the global headquarters of memory chip manufacturer Kingston Technology, and the corporate headquarters of Surefire, LLC, maker of military and commercial flashlights. The Southpark commercial area is also home to offices for companies such as D-Link, Starbucks, Satura and the Orange County Register.

Education

There are three high schools, three middle schools, nine elementary schools, one K-12 school, and two K-8 schools. However, some students who live in the city of Fountain Valley actually attend schools in other cities.

Fountain Valley is also home to Coastline Community College. Community colleges in the area include Orange Coast College and Golden West College, located nearby in the cities of Costa Mesa and Huntington Beach, respectively.



Fountain Valley City Hall



Summerfest @ Mile Square Park



Moiola Park & Development



MARKET OVERVIEW

Demographic Summary

Population	1-Mile	3-Miles	5-Miles
2028 Population	16,970	244,427	731,219
2023 Population	16,747	241,136	719,682
2020 Population	17,292	245,298	724,878
2010 Population	16,554	247,261	730,319

Households	1-Mile	3-Miles	5-Miles
2028 Households	6,220	71,580	222,519
2023 Households	6,133	70,406	218,374
2010 Households	6,082	69,728	215,974
Occupied Units - 2028 Projection	6,400	73,451	228,985
Occupied Units - 2023 Estimate	6,320	72,368	225,142

Income & Economics	1-Mile	3-Miles	5-Miles
Average Household Income	\$125,059	\$121,669	\$115,186
Median Household Income	\$91,757	\$88,637	\$82,116
Household Income - \$150,000+	23.8%	23.5%	20.9%
Average HH Expenditure (All Categories)	\$81,239	\$79,329	\$76,764



719,682

2023 Population
(5-Mile Radius)



\$115,186

2023 Average Household Income
(5-Mile Radius)



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