



CAL EMA

3650 SCHRIEVER AVENUE
RANCHO CORDOVA, CA 95655

GOLDEN STATE PORTFOLIO OFFERING MEMORANDUM

11 office properties • 7.3 million square feet
20 year sale/leaseback portfolio
3 California core metro markets

Capital Markets | Institutional Group

CBRE
CB RICHARD ELLIS





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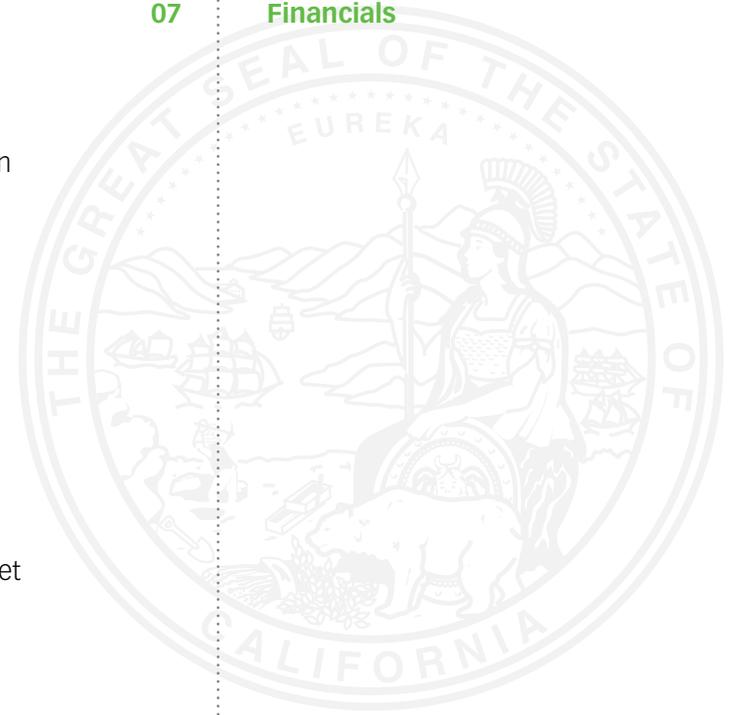
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For more information about the Golden State Portfolio, please visit the website:

www.cbre.com/goldenstateportfolio





EXECUTIVE SUMMARY

The Offering

CB Richard Ellis, as exclusive advisor to the State of California, is privileged to present the opportunity to acquire a 100% fee simple interest in the Cal EMA building located at 3650 Schriever Avenue in Rancho Cordova, California (the "Property"). The Property consists of a Class A office property containing 116,687 rentable square feet situated on a ±13.47-acre site. The paved parking area can accommodate approximately 512 cars, a ratio of 4.39 spaces per 1,000 rsf. The Property was completed in 2002 and consists of three structures, two connected two-story office buildings and a third building that serves as a utility plant.

The property is 100% leased to the State of California for a firm term of 20 years, and may be acquired separately or as part of an 11-property sale/leaseback portfolio (the "Golden State Portfolio") comprising approximately 7.3 million square feet located in the San Francisco Bay Area, Los Angeles and Sacramento.

This rare opportunity to acquire a high-quality office property, leased on a long-term basis to a credit tenant, provides investors a stable income stream in a substantially built-out submarket with high barriers to entry.

Offering Summary

Property Name:	Cal EMA
Address:	3650 Schriever Avenue Rancho Cordova, CA 95655
Rentable Square Footage:	± 116,687
Number of Buildings:	3 (two office; one utility)
Year Built:	2002
Number of Stories:	Two
Parking:	± 512 stalls (4.39 per 1,000 rsf)
LEED Certification:	Registered
State of California Lease Term:	20 years firm



Investment Highlights

• Long Term Credit Tenancy

The Property is 100% leased to the State of California for 20 years firm, providing an investor with stable and secure cash flows and built-in rent escalations that enhance yields during the lease term. The State of California has an investment grade credit rating of "A-" by Standard & Poor's. The lease will commence at the close of escrow.

• Strategic Office Building

This property houses the personnel and communications equipment that are at the heart of California's emergency preparedness and response capabilities. As such, it is a crucial strategic asset that was specifically designed and sited for its special purpose. Telecommunications towers and satellite dishes on the exterior speak to the facility's sophisticated electronic communications capabilities, and the building sits only a short distance from the tarmac for Mather Airport in the event that transportation by air should be deemed necessary.

• Location

The Property is situated on the former Mather Air Force Base, but is within the City of Rancho Cordova. Mather is also where the California National Guard has its Homeland Security offices, again because of the strategic advantage offered by having an airport virtually next door. The property is also part of the Highway 50 Office Corridor, the largest concentration of office space in the Sacramento region. The property is also part of the Highway 50 Office Corridor, the largest concentration of office space in the Sacramento region.

• On-Site Parking and Amenities

The Property's ±13.47-acre site contains a paved parking lot with capacity for 512 vehicles. The property provides an employee cafeteria and there is a data center that features a 2'x2' raised floor system.

• High Value Opportunity

This sale/leaseback opportunity provides an investor the opportunity to purchase a well-built, high-quality asset leased on a long-term basis in Sacramento's largest office submarket. The Subject's submarket is largely built-out, thus providing high barriers to entry for anyone seeking to develop a large floor plate complex to appeal to companies with high employee head-counts.

CAL EMA



Property Overview

The Cal EMA facility at 3650 Schriever Avenue in Rancho Cordova is the command center used by the State whenever an emergency triggers the need for statewide coordination of emergency personnel and equipment. The property serves as an essential services facility and consists of 116,687 rentable square feet of space, divided among administrative, communications, data center, and employee support functions. It was built in 2002 and consists of three buildings on a site which measures 13.47 acres. The entire complex is surrounded by security fencing, access is restricted, and the overall level of security is high.

The location of the facility is strategic, with proximity to Mather Airport being the key. Mather is also the site where the California National Guard maintains an office that conducts business associated with the Department of Homeland Security. The airport is a crucial feature of such facilities, allowing key personnel to fly almost to the front door when emergencies could render other modes of transportation difficult. The specialized nature and location of this facility suggest that it is likely to be used, upgraded when necessary, and maintained by the State for its current purpose until the end of its serviceable life.

Location Overview

The Highway 50 Corridor submarket extends approximately 10 miles from Watt Avenue on the west to the Folsom city limit on the east. It takes in the City of Rancho Cordova and portions of Sacramento County east of Watt Avenue, Rosemont, and Gold River. This area has always been considered one of Sacramento's most convenient and inviting office locations. Access is excellent, thanks to the freeway that runs through it, and the presence of numerous Regional Transit light rail stations along Folsom Boulevard, which roughly parallels the freeway from downtown to Folsom. The suburban location means free parking for tenants, and companies enjoy a much more affordable level of rent than they would Downtown.



The Opportunity

The Cal EMA building offers investors the rare opportunity to acquire an institutional quality office asset that is leased for 20 years to an investment grade credit tenant the State of California. The Property features distinctive architecture and high quality interior improvements that are well maintained. The combination of a long term lease to a credit tenant, and rent escalations during the term will provide healthy yields throughout one's ownership period. The Property's newer construction, on-site parking, and other amenities further enhance its appeal. The opportunity to acquire the property at a discount to replacement cost in Sacramento's largest office solidifies the Property's risk-adjusted investment potential.

LEED Certified

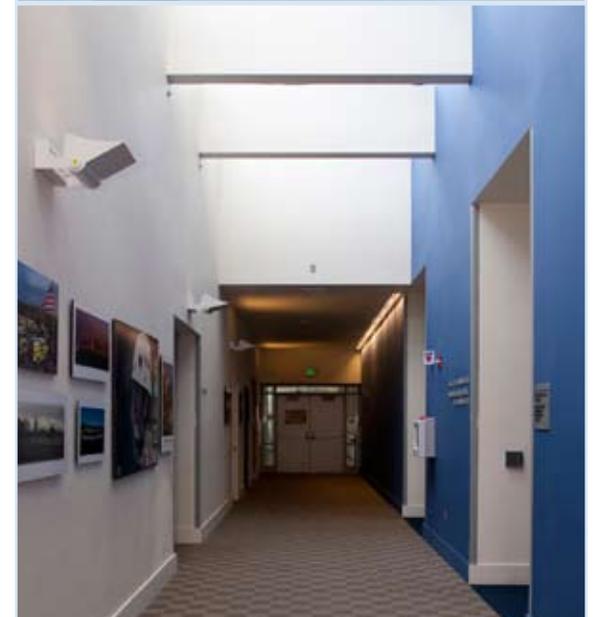
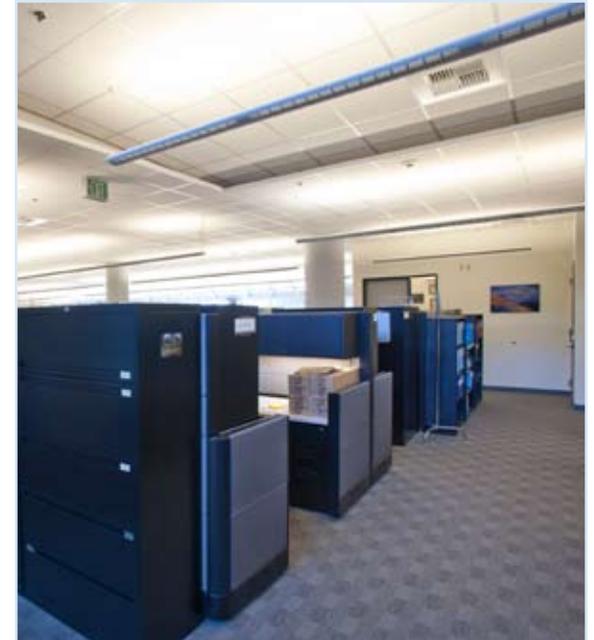
The LEED® (Leadership in Energy and Environmental Design) Green Building Rating System is the nationally accepted benchmark for the design, construction, and operation of high performance green buildings. Developed by the U.S. Green Building Council, LEED provides building owners and operators a concise framework for identifying and implementing practical and measurable green building design, construction, operating and maintenance solutions.

Befitting California's legacy as the nation's leader in "green" legislation and technology, 92% of the Golden State Portfolio is LEED certified (including two pending buildings). The benefits of LEED are

many and have the potential to provide superior investment performance.

Studies have shown that LEED projects:

- Obtain higher rents
- Offer productivity gains with fewer employee sick days
- Provide employers with a recruitment tool for new employees and a strong retention rate for existing employees
- "Green" buildings generally have lower operating costs and enjoy a more favorable public image



Marketing Process/Key Dates

- 2/26/10 – 4/14/10** Offering Period
- 2/26/10 – 10:00 AM** Initial Flyer/Brochure release and Website Launch
- 3/2/10 – 4/14/10** Potential buyers that sign the registration agreement will:
- Obtain access to the electronic marketplace for the buyer selected property or properties to review the offering memorandum(s), BOMA studies, preliminary title report(s), 3rd party leases and ALTA survey(s) for the applicable property or properties; and
 - Be invited to property tours that will be conducted on announced dates.
- 4/14/10** The deadline for potential buyers' initial offer submittal
- 4/19/10 – 4/23/10** State evaluation of all initial offers*
- 4/23/10 – 5/6/10** At the State's discretion, potential buyers within the competitive range will be invited to participate in additional offer rounds.
- 4/23/10 – 5/20/10** Potential buyers within the competitive range will be invited to participate in a Best and Final round. During the Best and Final round, invited potential buyers will be provided a copy of the respective draft purchase and sale agreement for review and comment, proposed draft lease agreement(s) and confidential due diligence information which includes 3rd party property condition reports and building plans and specifications. The State may conduct buyer qualification interviews. Comments on the purchase and sale agreement must be provided with the offer.
- 5/24/10 – 5/28/10** State evaluation of all best and final offers*
- 5/28/10** Anticipated date of the selection of the buyer(s)
- Buyer(s) selection will be based on the following criteria:
- Offered Price;
 - Buyer's Financial Capabilities including potential need for debt as a condition of close;
 - Buyer Due Diligence and Closing Timing;
 - Buyer's Terms and Conditions;
 - Buyer's past performance; and
 - Aggregate Proceeds Analysis (Individual Sales, Partial Portfolio, Portfolio)
- * Buyers that tender offers on multiple assets are required to specify their pricing for each asset or the offer will be rejected. Any property complex that consists of more than one building, e.g. the Capitol Area East End Complex, the Franchise Tax Board Complex, the San Francisco Civic Center, and the California Emergency Management Agency shall be considered a single asset for the purposes of this paragraph.

PROPERTY SUMMARY

Property:

3650 Schriever Avenue
Rancho Cordova, CA 95655

(Mailing Address)

California Emergency Management Agency
3650 Schriever Avenue
Mather, CA 95655

LEED® Certification:

Registered

Year Built:

2002

Number of Structures:

Three; two office buildings and one utility plant

Parcel Numbers:

077-0050-063-0000

Site Area:

±13.473 acres

Total Floor Area:

Building (Use)	Floors	Floor Area (NRA)
A (Office)	2	48,444
B (Office)	2	63,689
C (Utility Plant)	1	4,554
TOTAL		116,687

Zoning:

SPA (MFSPA – Mather Field Special Planning Area)

Floors:

Two two-story office buildings (Buildings A and B); a single-story building (utility plant, Building C).

Site Location:

The Property is located at 3650 Schriever Avenue in the City of Rancho Cordova, California. Adjacent properties consist of vacant lots, a city sports park, and a combination of similar low rise office/warehouse type buildings.

Site Access:

The main site access is via a curb cut off Schriever Avenue near the northwest portion of the site, a public local two-way street. Secondary access points include a curb cut off of Schriever Avenue near the northeast corner of the property and from Old Placerville Road at the southwest corner of the property.

General access control is provided by guard stations at the main entry in the connecting link between Buildings A and B. A card access system is provided for access control with card readers located at building entries and at interior office area entries. Closed circuit security cameras are provided inside and outside and are monitored and digitally recorded. A 1,400-pair telephone service is provided to the buildings through two fiber optic services.

Signage:

Building signage consists of surface-mounted metal address numerals mounted to a low concrete wall near the main site entrance, as well as adjacent to the main building entrance on the north elevation.

Elevators:

There are a total of two Dover hydraulic elevators in the building as follows:

Elev. No.	Type	Capacity	Floors Served
1	Passenger	3,000 lbs/ 20 persons	1 and 2
2	Freight	4,500 lbs/ 30 persons	1 and 2

Elevators have electronic controllers. The passenger elevator car finishes consist of carpet flooring, plastic laminate sides and back, ceiling panels appear to be stainless steel with incandescent lighting, and brushed stainless steel returns and door. Elevators have center opening doors with infrared safety sensors. The freight elevator finishes consist of resilient tile flooring, sheet metal sides and back, translucent ceiling panels with fluorescent lighting, and brushed stainless steel returns and door.



Parking:

On-site asphalt-paved surface parking wraps around the north, east, and south elevations of the building. Drivelanes are two-way and parking spaces are generally perpendicular to the drivelanes. The parking spaces are well distributed throughout the property with direct access to the building entries.

A total of 512 open parking spaces are provided, including 24 spaces designated as accessible. Enclosed security storage for eight bicycles is also provided. The parking ratio for this building is ± 4.39 spaces per 1,000 square feet. Per the Rancho Cordova Municipal Code, Title 23 – Zoning Code, the required minimum vehicle parking ratio is 2.7/1,000 square feet. The provided parking exceeds the minimum requirements.

Paving, Curbs and Sidewalks:

Paving: The entry drive and surface parking areas are asphaltic concrete pavement of an unknown thickness.

Curbs: The sidewalk curbs are concrete. On-site perimeter edges of pavement and landscape have cast concrete curbs.

Sidewalks: Public sidewalks along Schriever Avenue and Old Placerville Road, as well as on-site walkways are concrete of an unknown thickness with a broom finish.

Site Lighting:

Exterior surface parking lighting consists primarily of pole-mounted shoebox style and wall-mounted HID-type fixtures.

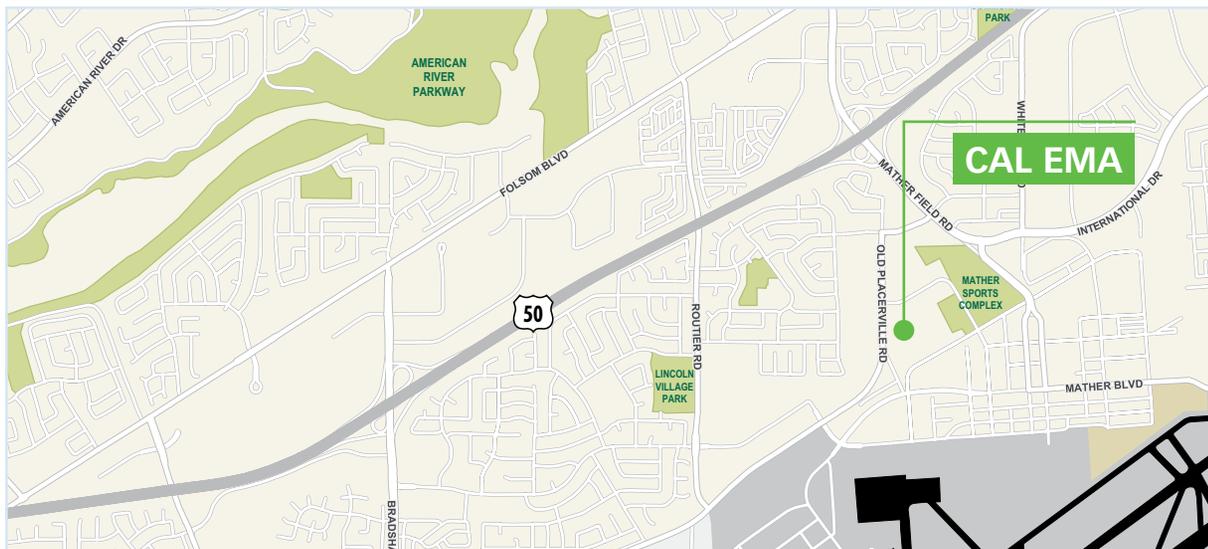
Structure:

Vertical Load System: The elevated floors and roofs typically consist of 3" metal deck with 3" concrete fill and 3" bare metal deck, respectively. The decks span to composite steel wide-flange beams and girders at the floors, and cambered, non-composite beams, and girders at the roofs. The steel floor and roof framing is typically supported on steel pipe, tube, and wide-flange columns. The columns deliver the vertical loads to the foundations.

Lateral Load System: The lateral force-resisting system consists of the elevated rigid floor and flexible roof horizontal diaphragms that deliver the lateral loads to interior and exterior perimeter and distributed one- and two-story steel concentric and chevron braced frames. Structural steel bracing members typically consist of pipe and tube sections with welded gusset plates and hinge pins.

Roof:

The original roofing installed on all three buildings in 2002 was Stevens brand 40 mil single-ply roof membrane, with one layer of 4" rigid insulation over steel decking. Approximately 90% of the roofing on all three buildings was replaced in 2004, with the exception of stem walls and other areas with complex details. The replaced/current roofing is a 60 mil Steven's brand (now Dow brand) single-ply membrane, installed over two staggered layers of 2" rigid insulation.





At the raised roof area (eyebrow) at Buildings A and B, the roofing consists of prefinished standing seam metal roofing.

Exterior Finishes and Components:

Exterior walls consist of a combination of prefinished aluminum composite panels (smooth surface), prefinished profile aluminum wall panels (horizontal profile), and window/curtain wall systems. Per the available drawings, the aluminum composite panels are attached to metal stud framing, and the wall panels are attached to exterior sheathing, over metal stud framing.

There is one exit stair at the east elevation of Building A. The stair is painted steel framing with metal pans with concrete fill. At mid-landing, there is a composite panel wall.

The lobby is a two-story height space and has a sealed stained concrete floor, unfinished concrete walls, and customized ceiling panels with recessed downlights. The open lobby stair has painted tube steel rails and stringers, with concrete treads and risers, and painted metal tubing at the side handrails.

The upper level elevator lobby and corridor finishes typically include commercial-grade carpet, and painted gypsum board walls and ceilings. Select walls have wall covering. Interior restroom and service doors are typically wood with a stained finish set in aluminum or painted metal frames with lever-style hardware.

Finishes in the common area restrooms generally include ceramic tile at the floors and wet walls with painted gypsum board at the remaining walls. Ceilings are painted gypsum board. Toilet partitions are floor-mounted metal with a factory painted finish. Sinks are mounted in composite material countertops and have lever-style hardware. Plumbing fixtures and restroom accessories are commercial grade.

Exterior Doors and Frames:

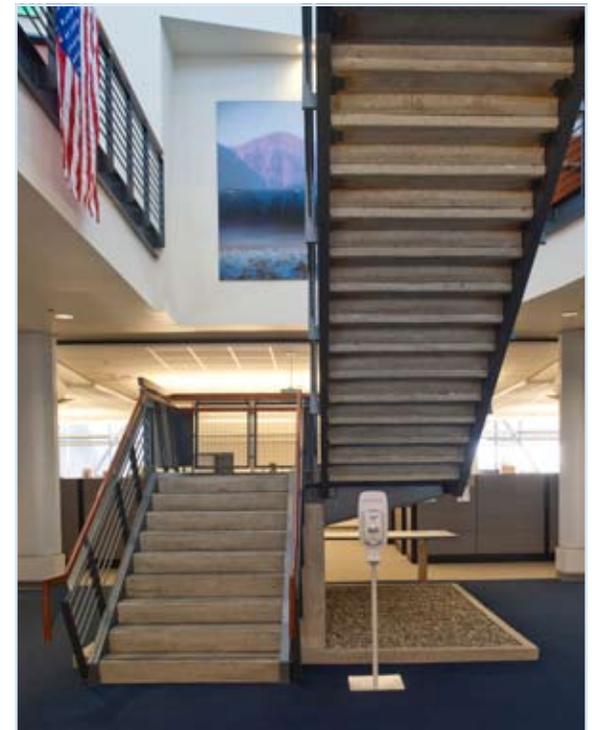
Building entry doors at the main entry and at several other locations consist of aluminum ribbed panel doors (Special Lite brand) in metal frames. Storefront entry doors in anodized aluminum frames with single-pane, tempered glazing are located at other building entry locations. At service entry/exit locations, hollow metal doors and frames are provided.

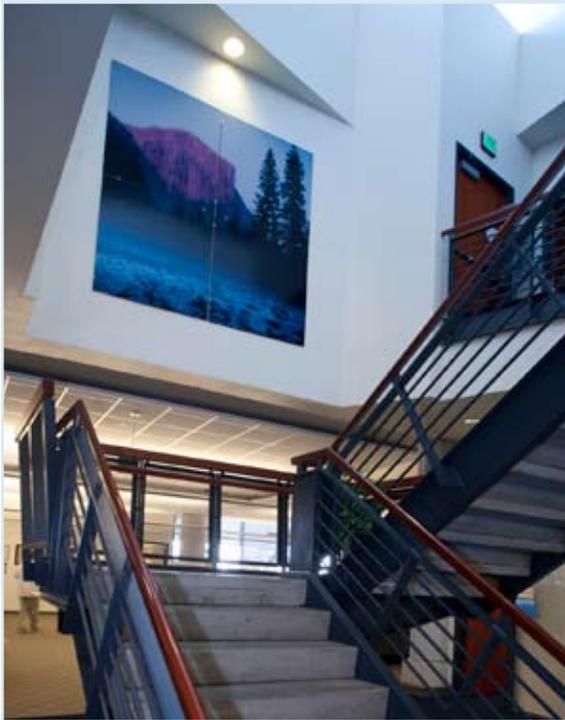
Office Area:

Office areas generally have wall-to-wall carpet, painted gypsum board walls, lay-in acoustical tile ceiling set in a metal grid suspension system, painted wood doors with lever-style hardware set in metal frames, and pendent hung fluorescent light fixtures. Each floor contains separate men's and women's restrooms with ceramic floor tile, painted gypsum board walls and ceiling, plastic laminate toilet partitions, and composite material countertops. Resilient floor tile is installed at break and supply areas. Select areas have a composite concealed grid ceiling system.

Interior Lighting:

The lobby is a two-story height space with customized ceiling panels with recessed downlights. Office area lighting is generally pendant-mounted fluorescent fixtures with T-5 lamps and electronic ballasts. Exit lights are generator-backed illuminated fixtures or self-luminous fixtures located at exits and indicate the path of egress. Emergency lighting is provided at each stair landing and is provided by generator-backed fixtures. Lighting fixtures in the storage area in Building C are strip fluorescent fixtures with T8 lamps and electronic ballasts.





Interior Doors:

Interior restroom and service doors are typically wood with a stained finish set in aluminum or painted metal frames with lever-style hardware.

Loading Docks:

Both Buildings A and B have one approximately 9' x 12' mechanically-operated overhead metal coil roll-up door for shipping and receiving. The drive entrance off Old Placerville Road is utilized for deliveries to the buildings, and there is a concrete drive apron at the overhead door for Building B. There is a covered at-grade dock area at Building C with two overhead metal coil roll-up doors.

HVAC/Heating System:

Cooling is provided generally by two water-cooled chillers; one 200-ton York variable speed centrifugal chiller that uses R-123 refrigerant, and a 200-ton York screw chiller that that uses R-22. Heat from the chillers is rejected by two BAC cooling towers, each with VFD fan control. There are four chilled water pumps and two constant speed condenser water pumps.

Two 2,000-mbh input capacity Bryant gas-fired forced draft boilers produce heating hot water that is circulated to heating coils in air handling units and in VAV boxes by two pumps with VFD control. Buildings A and B have variable air volume air distribution systems with York air handling units and return air fans located in air handling unit rooms or roof penthouses.

Building A has two main air handling units, and building B has four main air handling units and associated return fans. Supply fans and return fans have VFDs for part-load operation. The data center is served by two approximately 5-ton Liebert computer room air-conditioning units with roof-mounted condensers, and by a cooling system that consists of roof-mounted Liebert condensers, a Liebert XD Precision Cooling Chiller, located in the adjacent air handling unit room, and evaporator coils located in the data center. This system uses R407C in the condenser section and liquid R134 in the evaporator section, and has a capacity of 48 tons according to the building engineer. The radio vault in Building A is cooled by a York 7.5-ton split system with the condensing unit located on the roof, and the engineer's office in Building C is heated and cooled by a Carrier 2-ton packaged rooftop unit with gas heat.

Energy Management System:

Outside air for the office areas is supplied through the air handling units. Typical floor restrooms are exhausted by roof-mounted fans.

Automatic Temperature controls are provided by a combination of pneumatic and Johnson Controls Metasys direct digital controls (DDC). Pneumatic air is used only for large actuators in the central plant. All controls in Buildings A and B are DDC. The front end computer is located in the engineer's office in Building C. Software was upgraded in 2004.



Plumbing System:

Water Service: A domestic water service with meter and backflow preventer serves the buildings. A triplex booster pump system is provided but seldom used. An Irrigation water service with meter and backflow preventer is provided. A recycled water system is installed but is not used because it was damaged and never repaired due to insufficient funds.

Domestic Water Piping: Domestic water supply is copper tubing of an unknown type.

Water Heaters: Domestic hot water for the restrooms is produced by two A.O. Smith gas water heaters: the water heater in Building A has an 81-gallon storage capacity and the one in Building B has a 100-gallon storage capacity. Each water heater is seismically braced and has an expansion tank.

Plumbing Waste & Vent Lines: Where observed, sanitary waste, and vent piping is cast iron.

Natural Gas: The buildings are served by one natural gas service with earthquake shutoff valve. Gas is supplied to Building C for the boilers and to Buildings A and B for the domestic water heaters.

Fixtures: Plumbing fixtures and restroom accessories are commercial grade.

Electrical System:

Description of Service: The buildings are served by two 277/480-volt, 3-phase, 4-wire feeds from the local utility; both serve 2,500-amp main switchboards (MSB-A and MSB-B) located in Building C.

Electrical Distribution: According to the design drawings, Building A is fed from a 400-amp breaker in MSB-A, and Building B is fed from an 800-amp breaker in MSB-B. Buildings A and B each have a main electrical room and distribution rooms on each floor.

Emergency Power: There are two diesel-driven emergency generators (one 1,000-kW and one 500-kW generator). Generators are used to back up the buildings' fire and life safety systems, the data center, the 911 room, and the State Operations Center (SOC). The generator has 129.6 hours of operation and 305 starts. An 80-kVa UPS system located on the second floor of Building A supports the 911-call center, the server room, and the SOC. There is a small UPS system in Building C that supports the satellite telephone room.







Fire/Life Safety System:

The building is a Type II N structure occupied by a single tenant. Fire stairs have one-hour fire resistive construction with gypsum wallboard taped and painted, hollow-metal doorframes with 20-minute labels, and solid core wood doors with 1-1/2-hour rated labels. Corridor walls are one-hour rated gypsum wallboard taped and painted, metal doorframes with 20-minute labels, and rated solid core wood doors with 45-minute labels.

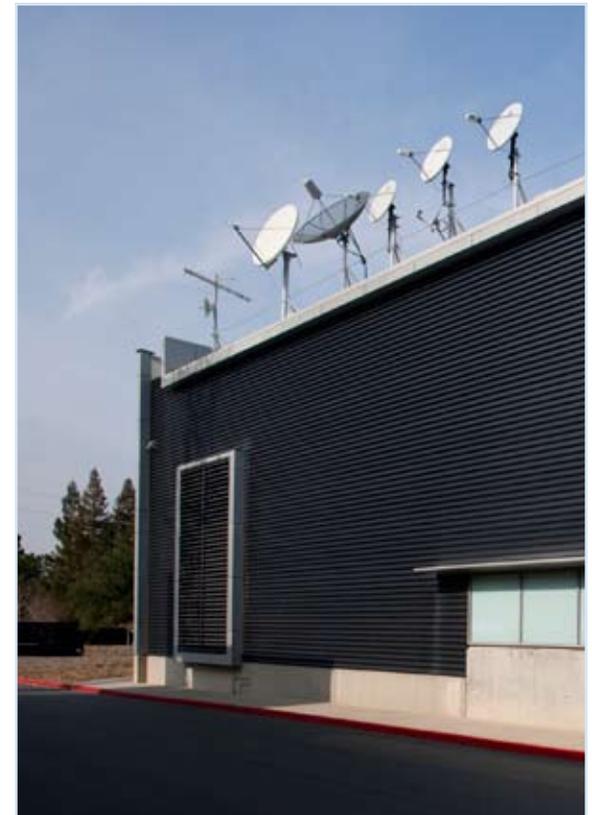
The buildings are protected by full coverage automatic fire sprinkler systems with an outside fire department connection and post indicator valve. The sprinkler system is pressurized by an electric fire pump. An addressable fire alarm panel monitors flow and tamper switches in the sprinkler system, smoke detectors, and monitors pull stations. The fire alarm system is monitored on site by the owner. Testing of the fire alarm system is performed quarterly.

Water for the fire hydrants in the parking area and water for the fire sprinkler systems is supplied by two separate 8" connections with backflow preventers. One supply is on the east side of the site and one supply is on the west side of the site.

Handheld fire extinguishers are located throughout the building.

Utilities:

- Water:** Sacramento County
- Sanitary/Sewer:** Sacramento County
- Electric:** Sacramento Metropolitan Utility District (SMUD)
- Gas:** PG&E
- Telephone:** AT&T







Site Plan





CAL EMA





SACRAMENTO REGIONAL OVERVIEW

Sacramento, the capital of California, is located in the north-central part of the state, approximately 85 miles northeast of San Francisco. The official Sacramento MSA (Metropolitan Statistical Area) includes the counties of Sacramento, Placer, and El Dorado. Unofficially, the greater Sacramento metroplex also encompasses the counties of Yolo, Sutter, and Yuba. For the last two decades the Sacramento region has been characterized by rapid growth in population, jobs, residential and commercial construction, and household incomes. The greater Sacramento area has established itself as an attractive business location for new, expanding, and relocating enterprises in California. It is regularly mentioned in lists of the country’s most desirable places to live, and has enjoyed a national reputation for its stable, recession-resistant economy and steady, well-managed growth. Although the soft economy and recent housing downturn have created an uncharacteristic level of unemployment, Sacramento’s economy rests on a large foundation of stable, government employment which ensures that any economic hiccups are likely to be temporary.

Sacramento’s Economy: Population and Employment

Population

The population of the Sacramento MSA has surpassed two million people, and by the middle of this decade should be approaching 2.5 million. Since 1980 Sacramento’s population has been growing faster than that of the state as a whole, as shown in the following table, and is projected to continue to do so.

	1980	1990	2000	2009 Estimated	2014 Projected
Sacramento Population	1,235,267	1,603,745	1,936,006	2,143,806	2,366,541
Growth %	-	29.8%	20.7%	10.7%	10.4%
California Population	23,667,910	29,760,021	33,871,648	37,075,982	40,145,714
Growth %	-	25.7%	13.8%	9.5%	8.3%

U.S. Census data

Employment

Following two decades of unprecedented growth, the Sacramento Region is feeling the effects of the recession and has seen a significant increase in unemployment over the last 18 months. The change is due in large part to the housing bubble and loss of many housing-related construction and supply jobs. Nonetheless, Sacramento's large base of government jobs creates a measure of economic stability, and Sacramento's 12.2% unemployment rate is slightly below California's reported 12.4% rate in December 2009.

Sacramento has historically shown itself to be recession-resistant, and as the recovery begins it is likely that Sacramento will resume its customary pattern of growth.

Some of the reasons for the local economy's resilience include:

- Sacramento is the center of state government which administers to California's general population which, as a group, is projected to increase by more than three million people between 2009 and 2014.
- The Region continues to develop a high-technology complex which is attracting new firms, many of which are migrating from the Bay Area.
- The Region is a major node of distribution, serving the West, Rocky Mountain, and Midwest markets. Both I-80 (east/west) and I-5 (north/south) run through Sacramento.

- Sacramento is a regional retail and service center for surrounding counties, many of which have experienced rapid growth of their own over the last two decades.
- Sacramento historically has provided a low-cost housing alternative to major metropolitan areas such as Los Angeles, San Diego, and the Bay Area. There has been substantial migration within California to the Sacramento region, and with housing values at their lowest point since 2001, this trend is likely to continue.
- The overall quality of life, including affordable real estate and housing, makes it easier for companies to attract and retain employees in Sacramento.

State government continues to be a dominant industry, employing 106,800 people, including those employed at California State University and the University of California at Davis. Overall, government entities-Federal, State, and local-have 234,200 people on their payrolls and account for roughly 28.1% of Sacramento's total employment. The relative stability of government jobs tends to offset cutbacks that occur in some industrial and service sectors during general economic slowdowns.

The region's strong underlying fundamentals tend to dampen volatility in the local economy and help make Sacramento a good place to live and to do business.

Some of these fundamental strengths include:

- A diverse economy built on a solid, permanent foundation of government employment;
- A large, well-educated labor pool;
- Good transportation, communication, and educational infrastructure;
- Reasonable commercial rents and other costs of doing business;
- Affordable housing;
- Available land for development, and
- Access to a wide variety of recreational opportunities.

In the years ahead, California's employment growth will occur primarily in the Services, Trade, and Government sectors. Much of Sacramento's job and employment growth will be driven by migration from other metropolitan centers within California. Sacramento offers an affordable housing market and attractive quality of life, factors which continue to attract people from other parts of California and from around the country.



Historic Captain
Spirit of
Sacramento
1851-1982

Living in Sacramento

The Sacramento area is noted for its geologic stability, a feature which has become increasingly important and attractive to companies for which business continuity is a major consideration. Because of the vulnerability of their computer operations, seismic stability was a key factor for companies such as Intel, Hewlett Packard, and NEC deciding to locate major operations in the Sacramento region.

Transportation

The Sacramento area boasts a highly developed transportation system, consisting of interstate freeways, an international airport, a transcontinental railway system, and, surprisingly, even a deep water port. Sacramento's location at the juncture of I-5 and I-80 makes possible one-day freight delivery anywhere within California and as far east as Salt Lake City.

Highways

The Sacramento region is well served by a network of more than 800 miles of state-maintained roads, highways, and interstate freeways. Its location at the key intersection of Interstates 5 and 80 makes Sacramento a natural hub for distribution of shipped goods throughout the western United States.

Airports

The Sacramento County Department of Airports operates three airports – Sacramento International, Sacramento Executive, a private sector and corporate fixed operating base, and Mather Airport. Sacramento International is located 10 minutes northwest of downtown, and is served by 12 major carriers offering direct or connecting flights to every major U.S. city and points abroad. Mather Airport, located on the site of the former Mather Air Force Base, has been converted to a cargo hub, and is served by all of the major cargo carriers.

Rail Service

Sacramento and railroads just go together, and have throughout history. The Central Pacific Railroad was started in Sacramento in 1861 by Leland Stanford, Charles Crocker, Mark Hopkins and Collis Huntington. Sacramento is served primarily by the Union Pacific Railroad, which in 1996 merged with the Southern Pacific Railroad. The merger created access to the Burlington Northern Santa Fe lines. Union Pacific's major freight classification facility is located in Roseville, approximately 20 miles northeast of Sacramento.

Public Transit

Regional Transit (or RT) is the primary system of public transit in the Sacramento Region. The RT system is composed of an electricity-driven light rail system, and a complementary system of 256 buses, all powered by compressed natural gas. Currently there are slightly more than 37 miles of light rail track, and there are plans underway to extend these lines northeast to Placer County. Long-range plans call for extending these lines even farther to Elk Grove in the south, through North Natomas, and eventually to Sacramento International Airport. Ridership has grown steadily over the last decade, and presently the system is serving more than 32,000,000 passengers annually.



Sacramento Real Estate Market

The Sacramento regional office market consists of 52.6 million square feet of space. In addition to the Central Business District, 16 distinct suburban submarkets supply office facilities to private companies and government agencies that do not require immediate or frequent access to the companies, law firms, consultants, and government agencies or government-related entities that tenant much of the CBD. Much of the office space downtown is located in high rise office buildings with limited parking, an economic consequence of the relatively high cost of land in the CBD.

By contrast, the Highway 50 Corridor submarket, with 11.9 million square feet of office space, is characterized by mid-rise construction and large floor plates, a configuration preferred by banks, financial services firms, high-tech companies, and government users. These tenants also appreciate the absence of monthly parking fees and the ease of ingress and egress associated with surface parking.

California's growth and Sacramento's strategic importance as the state capital, have attracted investment and ownership by some of the country's leading office property owners. Some of the well-known companies that have already invested in Sacramento's office market include Hines, CIM Group, Sterling Equities, USAA Real Estate Company, UrbanAmerica, LP, Capital & Counties USA, Inc., Westfield Group, Deloitte Development LLC, J.P. Morgan Asset Management, Government Properties Income Trust, Bentley Forbes, RREEF America L.L.C., TA Associates Realty, and many others.

Since 2003, nearly 10 million square feet of new office space has been constructed in the greater Sacramento market. Until 2008, growth in population and jobs kept the vacancy rate from ever exceeding 15%. As the economy began to soften in late 2007,

construction outpaced demand, and vacancy began to climb. At present, overall vacancy is at about 21% and is expected to stay at this level through 2010. CBD vacancy is much lower, only 9% if government-owned buildings are included (CoStar data) and 13.7% if government buildings are excluded (CBRE data). New speculative construction has ceased, so vacancy is not expected to climb much above current levels.

Rents have seen some softening lately. Asking rent for class A space throughout the region peaked at \$30.31 in late 2007, and now averages \$26.89. In the CBD the roll-off in rents has been less pronounced, having fallen from a peak average of \$35.64 in late 2007 to \$34.37 in January 2010, a decrease of only 3.7%. These are averages, meaning that some properties are still achieving rents in excess of these numbers.

Some of the larger recent lease transactions, both downtown and along the Highway 50 Corridor, include:

Address	Tenant	Sq. Ft.
400 R Street	CalPERS	120,000
621 Capitol Mall	Judicial Council of California	60,924
980 9th Street	California Department of Managed Care	52,261
400 Capitol Mall	Kronick, Moskovitz et al.	41,484
621 Capitol Mall	State Board of Equalization	80,000
10911 White Rock Road	Apple, Inc.	35,271
500 Capitol Mall	Hanson Bridgett	35,000
980 9th Street	SSB Realty, LLC	34,562
10000 Goethe Rd.	State of California	117,988
11010 White Rock Road	First American Title Co.	54,337
10470 Old Placerville Road	Sutter Health	87,000
3075 Prospect Park Dr.	County of Sacramento	54,677
11000 White Rock Road	Wachovia Bank	53,742





In the short term, it is likely that vacancy will hold steady, or perhaps increase slightly, before increasing employment starts to drive new leasing activity next year. Despite the recession, however, California will continue to experience net population growth for the foreseeable future, and, in Sacramento at least, that means there will continue to be growth in government employment and commensurate demand for office space.





CAL EMA

Cal EMA

The Cal EMA facility at 3650 Schriever Avenue in Rancho Cordova is the command center used by the State whenever an emergency triggers the need for statewide coordination of emergency personnel and equipment. The property serves as an essential services facility and consists of 116,687 rentable square feet of space, divided among administrative, communications, data center, and employee support functions. It was built in 2002 and consists of three buildings on a site which measures 13.47 acres. The entire complex is surrounded by security fencing, access is restricted, and the overall level of security is high.

The State of California will have an initial annual leaseback rent of \$30.60/sf on a single net basis (\$2.55/sf monthly) for the property for 20 years. This figure is slightly higher than class A rents for best-in-class Highway 50 Corridor buildings, but is fully supportable when one takes into account the subject's essential services construction replacement cost, state of the art telecommunications systems, double-redundant back-up power, and its purpose-built State Operations Center, a portion of one wing of the main complex devoted to emergency response. Further, one could not begin to replicate the subject, its special and unique physical plant, excess land, and disaster-proof location were one's returns to be predicated upon rents at this level, let alone what the submarket presently allows.

Building C serves as a utility plant for the entire complex. Each of the three buildings is provided at least one grade-level loading area with an overhead coiling metal rollup door. The rest of the site is paved and landscaped to provide on-site surface parking for 500 vehicles. Other obvious features on the site include multiple communications towers and satellite dishes.

The location of the facility is strategic, with proximity to Mather Airport being the key. Mather is also the site where the California National Guard maintains an office that conducts business associated with the Department of Homeland Security. The airport is a crucial feature of such facilities, allowing key personnel to fly almost to the front door when emergencies could render other modes of transportation difficult. The specialized nature and location of this facility suggest that it is likely to be used, upgraded when necessary, and maintained by the State for its current purpose until the end of its serviceable life.

Submarket Overview:

The Highway 50 Corridor is the region's largest office submarket with 11.9 million square feet, slightly larger than even Sacramento's downtown market, but with nothing taller than mid-rise buildings. As its name implies, the submarket stretches along U.S. Highway 50, extending approximately 10 miles from Watt Avenue on the west to the Folsom city limit on the east.

It takes in the City of Rancho Cordova and portions of Sacramento County east of Watt Avenue, Rosemont, and Gold River. This area has always been considered one of Sacramento's most convenient and inviting office locations. Access is excellent, thanks to Highway 50 and the presence of numerous Regional Transit light rail stations along Folsom Boulevard, which roughly parallels the freeway from downtown to Folsom. The suburban location means free parking for tenants, and companies enjoy a much more affordable level of rent than they would Downtown.

Most of the submarket's space is located within Sacramento County's newest city, the City of Rancho Cordova, which incorporated in 2003. A progressive and pro-business city council moved quickly to improve services while creating a positive image for the new municipality. Development fees from thousands of new homes funded improvements in services and infrastructure, making the submarket even more attractive for potential occupiers.

Vacancy: Since 2003 the submarket has enjoyed a healthy balance of supply and demand, keeping rents affordable, but with occupancy typically averaging between 85%-90%. In 2009 the recession pushed vacancy to 20.57%, tipping the balance in favor of tenants. This vacancy rate is very close to the regional average vacancy of 21.39%. It is likely that vacancy could remain in this range until next year, as many companies have put expansion plans on hold until the recovery is on firmer footing.

The table below shows the history of market activity over the last seven years. Please note that the data do not track numerically from year to year as the CBRE research department adjusts the building inventory annually to add or remove buildings, as needed, from the survey.



Highway 50 Corridor Market History

	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Space	9,843,000	10,407,000	10,476,000	10,636,000	10,689,000	10,915,000	11,269,000	11,417,000	11,921,000
New Construction	740,000	564,000	69,000	160,000	53,000	226,000	354,000	148,000	504,000
Sq. Ft. Vacant	931,000	1,273,000	1,384,000	1,498,000	1,385,133	1,283,000	1,135,000	1,437,000	2,452,000
Vacancy Pct	9.5%	12.2%	13.2%	14.1%	13.0%	11.8%	10.1%	12.59%	20.57%
Total Occupied	8,912,000	9,134,000	9,092,000	9,138,000	9,303,867	9,632,000	10,134,000	9,980,000	9,469,000
Net Absorption	168,000	222,000	(42,000)	46,000	269,000	109,000	(73,000)	(183,004)	(427,000)



CAL EMA



Big Sur

STATE OF CALIFORNIA OVERVIEW

The State of California is a critical economic engine for both the United States and the world. Exemplifying a diverse economy that accounts for approximately 13% of the total Gross Domestic Product (GDP) of the United States, California would rank among the top ten nations globally if it were an independent country with an estimated GDP of \$1.8 trillion in 2008. As the most populous state in the US with approximately 37 million residents, California is forecast to continue to enjoy future population growth above the national average in

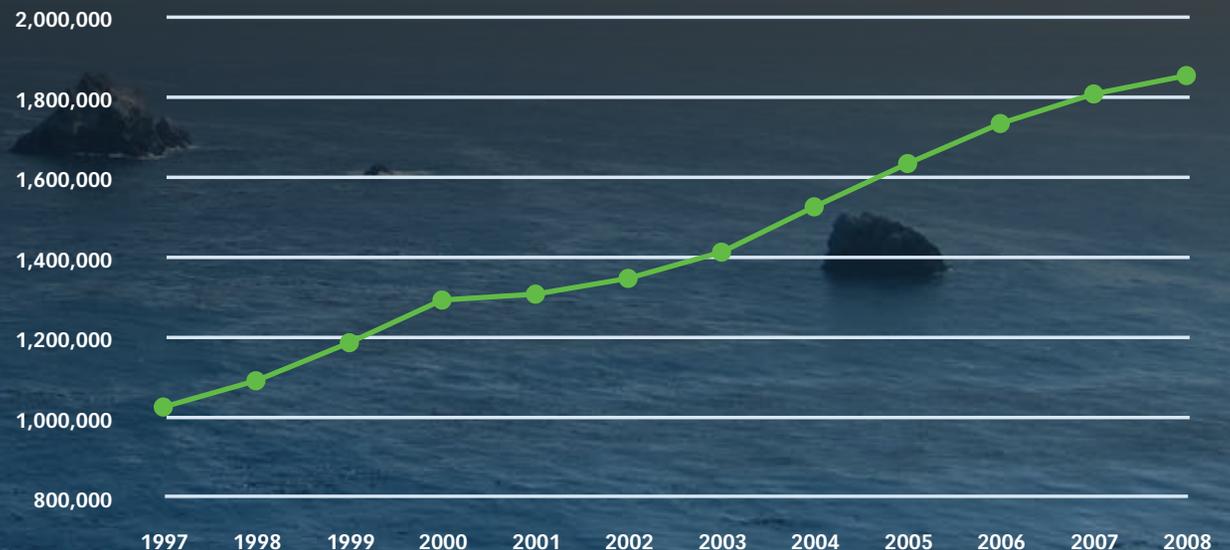
part due to its temperate climate, excellent quality of life, diverse population, world-renowned cities and its position as the gateway to the Pacific Rim. Additionally, California prides itself on striving to be the "greenest" and most eco-friendly states in the country. California's desirable quality of life, vast coast lines and massive valleys, diverse educated work force and uniquely entrepreneurial spirit position it to continue as the nation's most dominant economy.

- Largest state population of ±37 million
- One of the top 10 largest economies in the world
- \$1.8 trillion State GDP
- 3rd largest state by area
- Lowest in per capita energy usage
- 2nd in hydroelectric power potential
- 3rd in crude oil production
- Most major professional sports league franchises (19)

Economy

California's economy has long been an influential force within the United States and the world. With a gross domestic product of approximately 13% of the overall U.S. total, the largest of any state, the gross state product for California was approximately \$1.8 trillion at year-end 2008. California exported \$144 billion worth of goods in 2008, increasing from \$134 billion in 2007 and \$127 billion in 2006. Computers and electronic products are California's top exports, accounting for 42 percent of all the state's exports, according to California Chamber of Commerce trade statistics. California exported to 226 foreign markets in 2008, contributing to a positive annual rate growth of 15 percent. California enjoys the enviable position of being the United State's gateway to the Pacific Rim. California's trade and international commerce account for nearly ¼ of the State's GDP.

GDP of California from 1997-2008

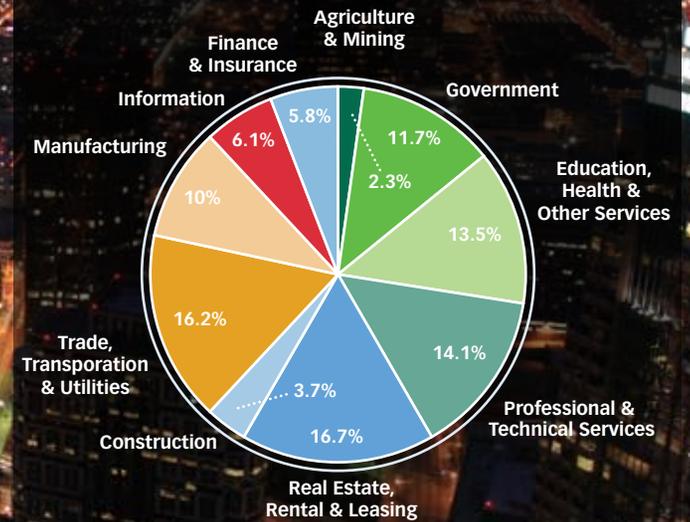




Downtown Los Angeles

According to the Bureau of Economic Analysis, the five largest job sectors in the State are real estate, rental and leasing; trade, transportation and utilities; professional and technical services; education, health and other services; and government. Additionally, California had a total personal income (TPI) of \$1.6B in 2008, a two percent increase from 2007, which ranks 1st in the United States.

GDP of California 2008





Tourism & Entertainment

California is one of the most visited states in the United States. Two of the top international ports of entry to the US were Los Angeles (ranked 3rd) and San Francisco (ranked 6th), accounting for approximately 14.5% of tourism through November 2009. According to the California Travel and Tourism Commission, approximately 14 million persons visited the state of California in the year 2008 and spent \$97.6 billion throughout the state. The State also has the largest market share of domestic travel of all 50 states, 11.3% in 2008.

Los Angeles has long been a favorite tourist city due to the glamour of Hollywood, fame of movie stars and the gorgeous Pacific beaches that charm many guests. Additionally, San Francisco has also held a soft spot in the hearts of tourists, as one of the most beautiful cities in the world. With its distinctive hills and streets, stunning bay views and the Golden Gate Bridge, San Francisco attracts travelers from all corners of the globe.

Tourists also travel to California for athletic events. The state hosted the 1960 Winter Olympics, the 1932 and 1984 Summer Olympics in Los Angeles, in addition to the 1994 FIFA World Cup. Additionally, California has nineteen major professional sports league franchises, far more than any other state. The San Francisco Bay Area has seven major league teams spread over three cities, San Francisco, Oakland and San Jose. The Greater Los Angeles Area is home to ten major league franchises, while Sacramento and San Diego add two major league teams to the State's total.



Napa Valley



Hollywood



Golden Gate Bridge



Pebble Beach



California Redwoods



Yosemite National Park

Geography

The State of California is located on the West Coast of the United States. California is bordered by Oregon to the north, Nevada to the northeast, Arizona to the southeast, the Mexican state of Baja California to the south, and the Pacific Ocean to the west. The Los-Angeles-Riverside-Orange MSA ranks as the second largest consolidated metropolitan area in the United States, and San Francisco-Oakland-San Jose MSA as the fourth. With eight of the nation's fifty most populous cities, California is home to the nation's second and sixth largest census statistical areas respectively.

California is the third-largest U.S. state by land area, after Alaska and Texas. The State's geography is vast and ranges from the Pacific coast to the Sierra Nevada mountain range in the east, to the Mojave desert in the southeast and the redwood, pine and fir forests of the northwest. Approximately 45% of California is covered by forests and contains more forestland than any other state except Alaska. The Central Valley, running approximately 400 miles from north to south, is one of the most productive agricultural areas in the world.



Torrey Pines Gliderport, San Diego

LEASE ABSTRACT

Tenant: State of California

Premises: Cal EMA
3650 Schriever Avenue
Sacramento, CA

Net Rentable Area: 116,687 square feet

Commencement Date: The Lease Term shall commence at close of escrow

Lease Term: Lease Term shall be twenty (20) years (240 months)

Rent: Rent shall be paid by the State in arrears on the last day of each month during the Lease Term as follows:

Years	SF	\$/Month	\$/SF/Month*	\$/Year	\$/SF/Year*
Years 1 to 5	116,687	\$297,552	\$2.55	\$3,570,622	\$30.60
Years 6 to 10	116,687	\$327,307	\$2.81	\$3,927,684	\$33.66
Years 11 to 15	116,687	\$360,038	\$3.09	\$4,320,453	\$37.03
Years 15 to 20	116,687	\$396,041	\$3.39	\$4,752,498	\$40.73

Note: Escalations in Base Rent detailed in the above Rent schedule are calculated on the basis of a 10% increase on the fifth (5th) anniversary of the commencement date and on each fifth (5th) anniversary thereafter.

*Rounded to two decimal places

Gas/Electricity: In addition to Rent, the State shall pay directly the cost of gas and electricity.

Parking: Five hundred twelve (512) parking spaces. State shall have the exclusive right to use all parking at a no charge.

Services, Utilities and Supplies: State at State's sole cost and expense, shall provide all required services, utilities, and supplies to the entirety of the State's premises (including but not limited to): sewer, trash disposal, water, elevator service, janitorial services, security services and facility management services.



Repair and Maintenance and Capital Repairs and Replacements:

State shall maintain the entire leased premises (including occupied space) and the building and property of which they are a part (to include site, landscape and parking areas and structures) in good repair and tenantable condition during the entire Lease Term. Such maintenance and repairs and replacements shall include but not be limited to: ongoing maintenance of designated special equipment, annual testing and maintenance of all fire extinguishers, replacing inoperative lighting, repairing floor covering as necessary and replacing all building system components (including roof) as and when required.

CPI Escalator Operating Expense:

On the first anniversary date of the Lease, and each twelve (12) months thereafter, the monthly Rent will automatically increase or decrease by one-twelfth ($1/12^{\text{th}}$) of an amount that will be determined by multiplying the base amount of \$143,327 (insurance expense only) by the percentage that the applicable CPI index for the preceding 12 months increased over or decreased under the same index, for the month of June, 2010, which shall be the base period.

Property Tax Expense Escalator:

On the first anniversary date of the Lease, and each twelve (12) months thereafter, the monthly Rent will automatically increase by one-twelfth ($1/12^{\text{th}}$) of an amount determined by multiplying the annual property tax expense for the preceding twelve (12) months by the actual percent increase capped at 2%. Initial property tax expense shall be based on the initial purchase price, and will not reflect future changes in value due to subsequent sales.

Assignment and Subletting:

No assignment of Lease without prior written consent of the Lessor, which shall not be unreasonably withheld; State may sublet the premises, or any portion thereof.

Insurance:

Lessor shall furnish to the State a certificate of insurance as evidence of insurance as fully set forth in the Lease paragraph 33 and briefly to include: (1) Commercial General Liability of not less than \$1,000,000 combined per occurrence and \$10,000,000 General Aggregate with State as additional insured; (2) commercial property insurance for full replacement cost (max deductible \$100,000) to include business income coverage equal to 24 months Rent and with State as additional insured; (3) Automobile Liability with State as additional insured; (4) Workers Compensation Insurance with Waiver of Subrogation in favor of State; (5) Employee Dishonesty blanket insurance with limit of not less than \$1,000,000 and with State named as loss payee; and (6) for demolition and construction activities, Pollution Liability coverage of not less than \$3,000,000 per occurrence and Builder's Risk/Installation Floater covering labor, materials and equipment.

Property Taxes:

The State, as part of its rent, shall pay any property taxes assessed against the leased premises as a result of the sale of same from the State to a subsequent purchaser. In the event that an obligation to pay property taxes does not exist, the State shall be provided with an annual credit against its Rent equal to the amount of the taxes not assessed.

Right of First Refusal:

At any time that is ninety (90) days or more prior to the then scheduled lease termination date, if Lessor receives bona fide offer from unaffiliated third party to purchase Lessor's interest in Property, State shall have up to thirty (30) days from receipt of Lessor's written notice of receipt of such offer to respond in writing advising Lessor of State's election to acquire Lessor's interest in Property under same terms and conditions as those set forth in such third party offer.

Option to Renew Lease:

State shall have the option to extend the term of this Lease for six (6) additional terms of five years each, on the same terms, conditions and covenants as are set forth in this Lease, with the exception of Basic Rent and CPI escalator operating expenses. State shall provide written notice of its intention to extend this Lease at least twenty four (24) months prior to the expiration of the then applicable term of its Lease. Rent during the then applicable renewal term shall be set on the basis of the same schedule of ten percent (10%) increases at the end of each five years that applied to the Initial Term, thus the monthly Rent during the applicable renewal term shall be equivalent to one hundred and ten percent (110%) of the monthly Rent payable during the immediately preceding year of the Lease. Further, the amount of the base amount for the CPI Escalator Operating expenses shall be equivalent to the amount applicable to the immediately preceding twelve month period (the last twelve months of the immediately preceding lease term) and increased or decreased by the percentage in the applicable CPI Index and the base period shall be the first twelve (12) months of the applicable renewal term. The parties shall enter into a brief lease amendment incorporating the applicable rent and the revised CPI escalator operating expense provision.

Operating Lease:

The Lease is intended to be treated as an Operating Lease on behalf of the State, under current FASB/GASB rules governing Operating Lease standards (i.e. FAS 13, FAS 66 and FAS 98). Bidders will be responsible for demonstrating that their purchase offers will comply with these standards.



Included in the following section is the Financial Analysis to assist investors in their underwriting:

- Cash Flow Assumptions
- Expense Detail
- Rent Roll
- Cash Flow Projections

Cash Flow Assumptions

For purposes of our analysis the cash flow period begins July 1, 2010 and has been prepared using ARGUS v14. A copy of the ARGUS file is available on the website.

Year One Rents:

	Annual	Type of Lease	Total RSF	% Total
State of California	\$30.60	Single Net	116,687	100%

Market Rent Growth:

3% - Fiscal Year Ending June Inflation

Expense Recoveries:

Single Net – State of California pays all operating expenses except Property Taxes and Insurance

Lease Term:

20 years initial term with six (6), five (5) year options to renew

Rent Increase Over Term:

10% Every 5 Years on base rent

	Annual Rent	\$/SF/Year*
Current	\$3,570,622	\$30.60
July 2015	\$3,927,684	\$33.66
July 2020	\$4,320,453	\$37.03
July 2025	\$4,752,498	\$40.73

*Rounded to two decimal places

Capital Reserves:

\$0.00 PSF, per year

General Vacancy Loss:

0.0%

Consumer Price Index (CPI):

3%

Operating Expense Growth Rate:

3%

Property Tax Growth Rate:

2%

Property Tax Millage Rate:

1.126%

Note: Buyer is responsible for adjusting property taxes bases upon offer price.
All inflation is Fiscal Year ending in June.

Revenues

Expense Reimbursement Revenue:

State of California shall pay increases for operating expenses and property taxes annually. On the first anniversary date of the Lease, and each twelve (12) months thereafter, the monthly Rent will automatically increase or decrease by one-twelfth (1/12th) of an amount that will be determined by multiplying the base amount of \$143,327 (insurance expense only) by the percentage that the applicable CPI index for the preceding 12 months increased over or decreased under the same index, for the month of June, 2010, which shall be the base period.

Parking Revenue:

The structure provides for a total of 512 parking spaces. Parking is free.

Expenses

Note: Year One Operating Budgets have been developed by CB Richard Ellis' Asset Services based upon building inspections, operating cost history from similar assets managed in the subject markets, operating expense data published by industry associations and competitive bids from selected third party vendors and is conformed to the State of California detailed specifications in the lease.

Insurance Calculation:

Property Insurance (including earthquake coverage) = \$.26 per each \$100 of hard cost building value (building replacement hard cost value (less land)/100 then multiplied by .26)

Liability (Office) = \$.03 per building square feet

Umbrella = 60% of the Liability premium

This above quote is based on the CBRE large pool discount, includes earthquake coverage up to the first \$100 million within the pool, and requires CBRE Asset Services to manage the property.



Rent Roll

as of 7/1/2010

Suite	Tenant Name	Square Feet	% of Property	Lease Term		Rental Rates					Recovery Type	Comments/Options
				Begin	End	Begin	Monthly	PSF	Annually	PSF		
100	State of California	116,687	100.00%	Jul-2010	Jun-2030	Current	\$297,552	\$2.55	\$3,570,622	\$30.60	See Abstract	Tenant has six (6) 5-year options to renew at 10% increases over prior rent.
						Jul-2015	\$327,307	\$2.81	\$3,927,684	\$33.66		
						Jul-2020	\$360,038	\$3.09	\$4,320,453	\$37.03		
						Jul-2025	\$396,041	\$3.39	\$4,752,498	\$40.73		
Totals / Averages		116,687					\$297,552	\$2.55	\$3,570,622	\$30.60		
Occupied sq. ft.		116,687	100.0%									
Vacant sq. ft.		0	0.0%									
Total sq. ft.		116,687	100.0%									

Cash Flow Projections

Fiscal Year Ending - June 30

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Physical Occupancy		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Overall Economic Occupancy ^[1]		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total Operating Expenses PSF Per Year		\$5.57	\$5.69	\$5.82	\$5.94	\$6.08	\$6.21	\$6.35	\$6.49	\$6.64	\$6.79	\$6.94
Revenues	FY 2011 \$/SF/YR ^[3]											
Scheduled Base Rent												
Gross Potential Rent	\$30.60	\$3,570,622	\$3,570,622	\$3,570,622	\$3,570,622	\$3,570,622	\$3,927,684	\$3,927,684	\$3,927,684	\$3,927,684	\$3,927,684	\$4,320,453
Absorption & Turnover Vacancy	0.00	0	0	0	0	0	0	0	0	0	0	0
Base Rent Abatements	0.00	0	0	0	0	0	0	0	0	0	0	0
Total Scheduled Base Rent	30.60	3,570,622	3,570,622	3,570,622	3,570,622	3,570,622	3,927,684	3,927,684	3,927,684	3,927,684	3,927,684	4,320,453
Expense Reimbursements	0.00	0	0	0	0	0	0	0	0	0	0	0
Parking Revenue	0.00	0	0	0	0	0	0	0	0	0	0	0
State of CA Expense Increases	0.00	0	14,420	29,173	44,264	59,703	75,498	91,657	108,189	125,103	142,408	160,114
Total Gross Revenue	30.60	3,570,622	3,585,042	3,599,795	3,614,886	3,630,325	4,003,182	4,019,341	4,035,873	4,052,787	4,070,092	4,480,567
General Vacancy Loss	0.00	0	0	0	0	0	0	0	0	0	0	0
Effective Gross Revenue	30.60	3,570,622	3,585,042	3,599,795	3,614,886	3,630,325	4,003,182	4,019,341	4,035,873	4,052,787	4,070,092	4,480,567
Operating Expenses												
Security	0.00	0	0	0	0	0	0	0	0	0	0	0
Cleaning	0.00	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance	0.00	0	0	0	0	0	0	0	0	0	0	0
Utilities	0.00	0	0	0	0	0	0	0	0	0	0	0
Management Fee	0.00	0	0	0	0	0	0	0	0	0	0	0
Onsite Office Expense	0.00	0	0	0	0	0	0	0	0	0	0	0
Admin (Excl Mgt Fee)	0.00	0	0	0	0	0	0	0	0	0	0	0
Lot & Landscaping	0.00	0	0	0	0	0	0	0	0	0	0	0
Parking	0.00	0	0	0	0	0	0	0	0	0	0	0
Real Estate Taxes	(4.34)	(506,050)	(516,171)	(526,494)	(537,024)	(547,765)	(558,720)	(569,894)	(581,292)	(592,918)	(604,777)	(616,872)
Insurance	(1.23)	(143,327)	(147,627)	(152,056)	(156,617)	(161,316)	(166,155)	(171,140)	(176,274)	(181,562)	(187,009)	(192,620)
Total Operating Expenses	(5.57)	(649,377)	(663,798)	(678,550)	(693,641)	(709,081)	(724,875)	(741,034)	(757,566)	(774,480)	(791,786)	(809,492)
Net Operating Income	25.03	2,921,245	2,921,244	2,921,245	2,921,245	2,921,244	3,278,307	3,278,307	3,278,307	3,278,307	3,278,306	3,671,075
Capital Costs												
Tenant Improvements	0.00	0	0	0	0	0	0	0	0	0	0	0
Leasing Commissions	0.00	0	0	0	0	0	0	0	0	0	0	0
Capital Reserves	0.00	0	0	0	0	0	0	0	0	0	0	0
State of CA - Paint & Carpet	0.00	0	0	0	0	0	0	0	0	0	0	0
Total Capital Costs	0.00	0										
Operating Cash Flow	\$25.03	\$2,921,245	\$2,921,244	\$2,921,245	\$2,921,245	\$2,921,244	\$3,278,307	\$3,278,307	\$3,278,307	\$3,278,307	\$3,278,306	\$3,671,075

[1] This figure takes into account vacancy/credit loss, absorption vacancy, turnover vacancy, and base rent abatements.

[2] This figure does not include any amount related to expense reimbursements. Only Scheduled Base Rent and Fixed/CPI Increases are included in this calculation, which is based on the weighted-average physical occupancy during each fiscal year.

[3] Based on 116,687 square feet.





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GOLDEN STATE PORTFOLIO OFFERING MEMORANDUM

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