



# SAN FRANCISCO CIVIC CENTER

350 McALLISTER STREET AND  
455 GOLDEN GATE AVENUE  
SAN FRANCISCO, CA 94102

## **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





# TABLE OF CONTENTS

**Kevin Shannon**

Vice Chairman  
310-516-2480  
kevin.shannon@cbre.com  
Lic. 00836549

**Robert Gilley**

Executive Vice President  
415-772-0187  
bob.gilley@cbre.com  
Lic. 01084869

**Randy Getz**

Executive Vice President  
916-446-8287  
randy.getz@cbre.com  
Lic. 00828903

For debt financing  
information, contact:

**Ken White**

Senior Vice President  
310-516-2408  
ken.white@cbre.com  
Lic. 01788506

CB Richard Ellis, Inc.  
Broker Lic. 00409987

**01 Executive Summary**

The Offering  
Investment Highlights  
Property Overview  
Location Overview  
Recent Developments  
The Opportunity  
LEED® Certified  
Marketing Process

**02 Property Summary**

General Property/Site Information  
Construction Detail  
Interior Detail  
Mechanical Detail  
Site Plan  
Representative Floor Plans

**03 Area Overview**

The San Francisco Bay Area Overview  
San Francisco Overview

**04 Market Analysis**

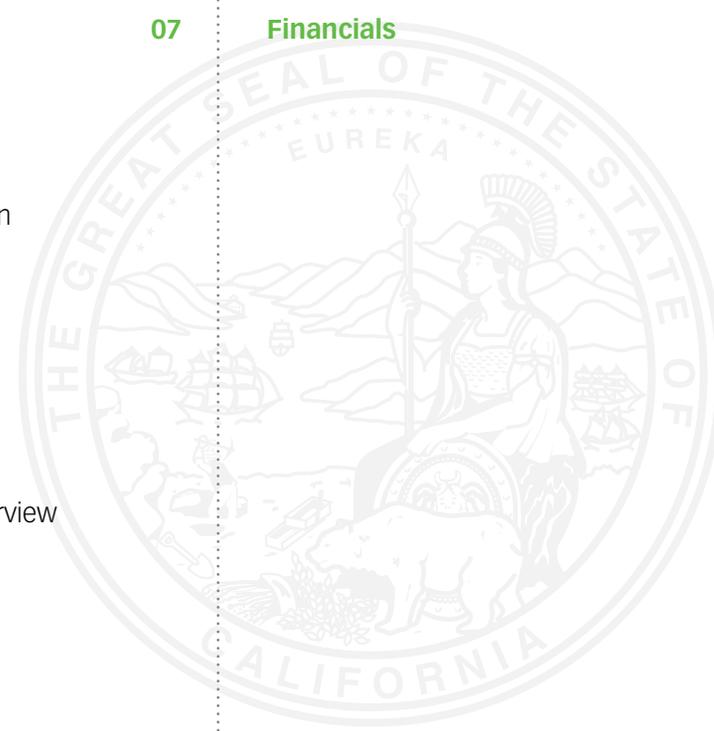
San Francisco Office Market

**05 State of California Overview**

Economy  
Tourism & Entertainment  
Geography

**06 Lease Abstract**

**07 Financials**



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

[www.cbre.com/goldenstateportfolio](http://www.cbre.com/goldenstateportfolio)



STATE OF CALIFORNIA

KRON 4





# 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 San Francisco Civic Center, located at 350 McAllister Street and 455 Golden Gate Avenue in the Civic Center submarket of San Francisco, California (the "Property"). The Property consists of a LEED® Gold certified, Class A office property containing 912,387 rentable square feet in two connected buildings, and includes 65 parking spaces in a below grade garage. The 6-story 350 McAllister Street building, which houses the California Supreme Court, was originally constructed in 1922, and completely renovated in 1999 when the adjacent 14-story steel framed high-rise office building located at 455 Golden Gate Avenue was constructed.

The property is 100% leased, of which 99.8% is leased to the State of California for a firm term of 20 years, and may be acquired separately or as part of an 11 office 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 an excellent quality Class A office property provides an investor a stable, long-term income stream from an investment grade tenant.

## Offering Summary

|  |  |
|--|--|
| <b>Property Name:</b>                  | San Francisco Civic Center (Earl Warren Center/ Hiram Johnson Center)      |
| <b>Address:</b>                        | 350 McAllister Avenue<br>455 Golden Gate Avenue<br>San Francisco, CA 94102 |
| <b>Rentable Square Footage:</b>        | ± 912,387  |
| <b>Number of Buildings:</b>            | Two  |
| <b>Year Built:</b>                     | 350 McAllister: 1922 (Renovated 1999)<br>455 Golden Gate: 1999             |
| <b>Number of Stories:</b>              | 6 & 14 stories   |
| <b>Parking:</b>                        | ± 65 stalls (0.07 per 1,000 sf)  |
| <b>LEED Certification:</b>             | LEED Gold (455 Golden Gate)  |
| <b>State of California Lease Term:</b> | 20 years firm  |



## Investment Highlights

- **Long Term Credit Tenancy**

The Property is 100% leased, of which 99.8% is 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 & Poors. The lease will commence at the close of escrow.

- **Exceptional San Francisco Civic Center Location**

The Property is situated between McAllister and Golden Gate Avenues and across the street from San Francisco City Hall, an irreplaceable location highly valued by government and support service users. The Property enjoys excellent access to public transportation via the Civic Center station 2 blocks away providing service throughout the city and region via the SF Municipal Railway and the Bay Area Rapid Transit (BART) system.

- **Top Property in Submarket**

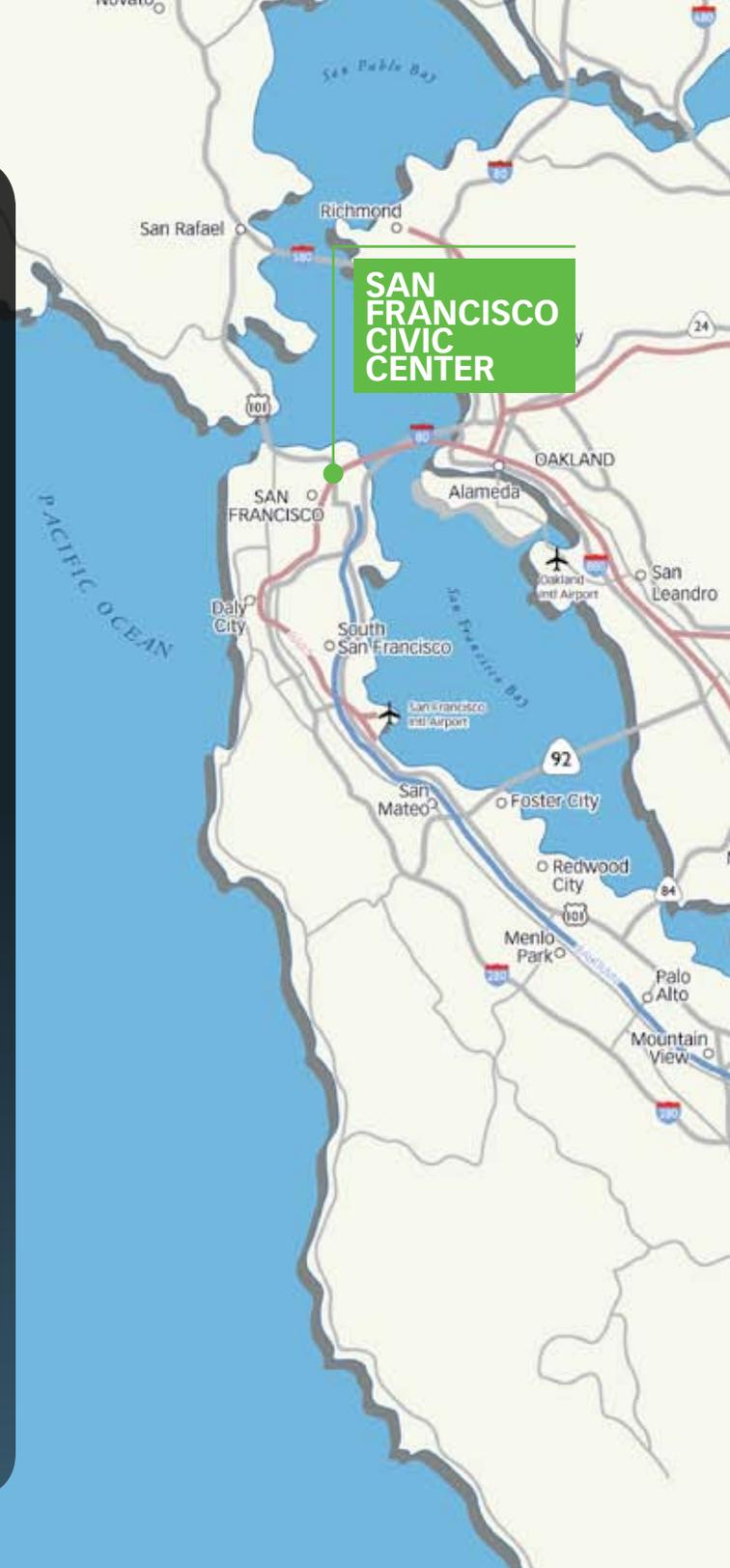
The Property's overall quality and finishes are unmatched in the submarket. The 350 McAllister building houses the California Supreme Court, with highly specialized interior build-outs including Justices' Chambers. The recently constructed 455 Golden Gate building features an impressive 3-story lobby and a 5-story atrium with a glass skylight and a number of large art installations. There are two courtyards situated between the two buildings.

- **Critical Mass in Supply Constrained Submarket**

The Property represents a critical mass of square footage unmatched in the submarket, where large users have few comparable options in the entire San Francisco office market let alone the submarket. Additionally, no new office properties larger than 100,000 sf have been constructed in the submarket in the last 20 years.

- **Strategic Facility**

The State of California's commitment to the Property is demonstrated by the 20 year initial lease term. The State tenancy provides the investor a superb captive tenant story based on their utilization of the Property and the State's projected increased long term space needs. Additionally, the historical nature of the Property and the Supreme Court's occupancy for nearly 90 years further demonstrates the State's commitment to this Property.





## Property Overview

The Property is a unique example of a historic building merged with a modern building. The Earl Warren Court Building (350 McAllister) was originally built in the 1920's to house offices from all three branches of State government. These included the statewide headquarters of the Supreme Court, as well as local offices of legislators and an office for the Governor.

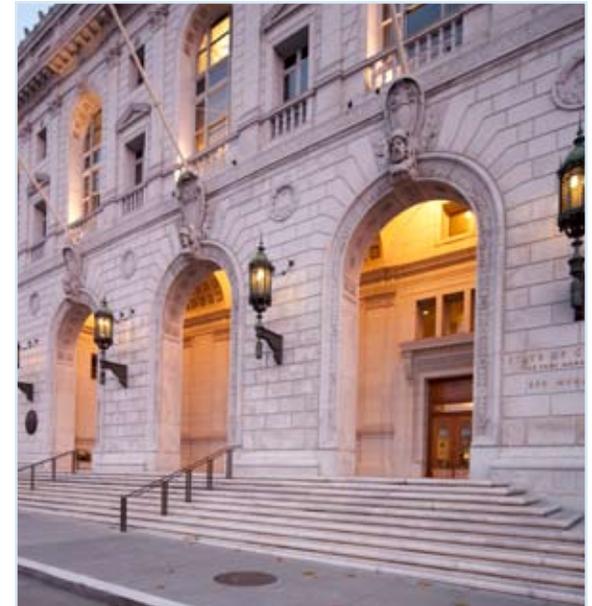
In 1995, the reconstruction of the entire block was begun. The historic side was completely gutted. A new foundation was tied to the building, and it was strengthened seismically. All of the wood was removed, stripped of hazardous finishes, and re-assembled in the reconstructed building. The reconstruction restored the building to the original 1920's look, including a complete historic renovation of the Supreme Court courtroom. The entire building was dedicated to use by the Judicial Branch, and it now houses the main offices of the Supreme Court and the First District Court of Appeal. The building was re-named in honor of United States Supreme Court Chief Justice Earl Warren, who was also a Governor of California.

The 1950's seven-story building was razed. In its place, a completely new fourteen story office building was built. It now houses four main tenants: The statewide headquarters of the Administrative Office of the Courts, Judicial Council and the Department of Industrial Relations, as well as the local office of the Department of Justice. Other tenants include four members of the Legislature, and the San Francisco offices of the Governor,

the Attorney General and the Secretary of State. The building was named after California Governor Hiram Johnson, who was later also a U.S. Senator.

## Location Overview

The Property is located within the Civic Center submarket of San Francisco, the political center of the City and the Bay Area. The City of San Francisco has invested heavily in the area over recent years including a new Symphony Hall, a renovated Opera House, a new Asian Arts Museum, a new Library and a renovated City Hall. The private sector has supplemented this with development of luxury housing, commercial space and amenities. San Francisco enjoys excellent transportation options and is accessible by all major forms of public transportation - including light rail (BART and Muni), ferry, and bus - serve San Francisco. San Francisco also has an international airport only minutes from the Civic Center submarket. The Property enjoys easy access to interstate freeways 80 and 280, US Highway 101, and both the Golden Gate and the Bay Bridges.



## Recent Developments

The Civic Center submarket has seen little new recent development and is generally full built-out. One notable exception is the SFPUC building currently under construction at 525 Golden Gate Avenue. The project consists of a new 13-story office building that will house the San Francisco Public Utilities Commission (SFPUC) administration offices and its critical Supervisory Control and Data Acquisition system that monitors and controls the SFPUC's water transmission and distribution system. With funding secured and necessary approvals in place, the expected LEED Platinum certified building will be completed in Spring 2012 at an estimated cost of \$190 million.

## The Opportunity

The San Francisco Civic Center offer's an investor 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 is home to the California Supreme Court and it is the top office property in the submarket. The combination of a long term lease to a credit tenant, and rent escalations during the term will provide healthy yields throughout the investment horizon. The Property's LEED Gold certification, irreplaceable location and other amenities further enhance the asset's investment appeal.

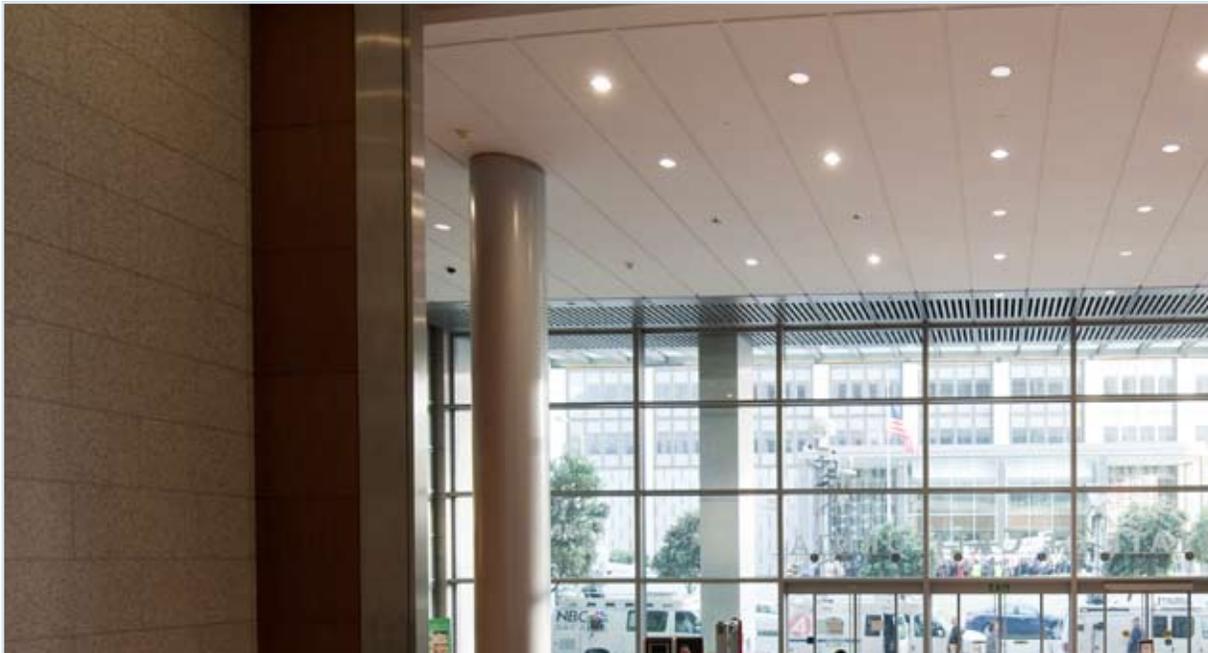
## LEED Certified

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:

- a) 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), 3<sup>rd</sup> party leases and ALTA survey(s) for the applicable property or properties; and
- b) 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 3<sup>rd</sup> 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:

- a) Offered Price;
- b) Buyer's Financial Capabilities including potential need for debt as a condition of close;
- c) Buyer Due Diligence and Closing Timing;
- d) Buyer's Terms and Conditions;
- e) Buyer's past performance; and
- f) 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:

350 McAllister Street and  
455 Golden Gate Avenue  
San Francisco, CA 94102

## LEED® Certification:

LEED Gold  
(455 Golden Gate Avenue)



## Year Built:

350 McAllister Street – 1922 original construction with subsequent addition 1930; Renovated 1999  
455 Golden Gate Avenue – 1998

## Number of Structures:

Two office buildings connected by an interior open atrium:

- 350 McAllister Street – 6-story office building with garage
- 455 Golden Gate Avenue – 14-story office building with subterranean garage and auditorium

## Parcel Numbers:

Block 0765, Lots 002 and 003

## Site Area:

350 McAllister Street ± 252,018 square feet  
(±0.99 acres)

455 Golden Gate Ave - ± 807,879 square feet  
(±1.47 acres)

## Total Rentable Area:

912,387 square feet

## Zoning:

350 McAllister St - P (Public)  
455 Golden Gate Ave – P (Public)

## Floors:

350 McAllister St – Six  
455 Golden Gate Ave – Fourteen

## Site Location:

350 McAllister Street and 455 Golden Gate Avenue are both located between Polk and Larkin Streets in downtown San Francisco, California. Adjacent properties consist of similar mid-rise and high-rise civic center buildings, including SF City Hall to the southwest.

## Site Access:

An accessible path of travel is provided from the public sidewalk to the main building entry. Access to the parking garage entry and exit is along Polk Street.

## Signage:

350 McAllister St - Building signage consists of bronze lettering surface applied to the building exterior which depicts the name of the building and street address. A State of California bronze emblem is also surface applied to the building main entry exterior.

455 Golden Gate Ave - Building signage consists of metal letters mounted above the Golden Gate

entry vestibule, which displays State of California. Additional lettering is surface applied to the face of the vestibule entry.

## Elevators:

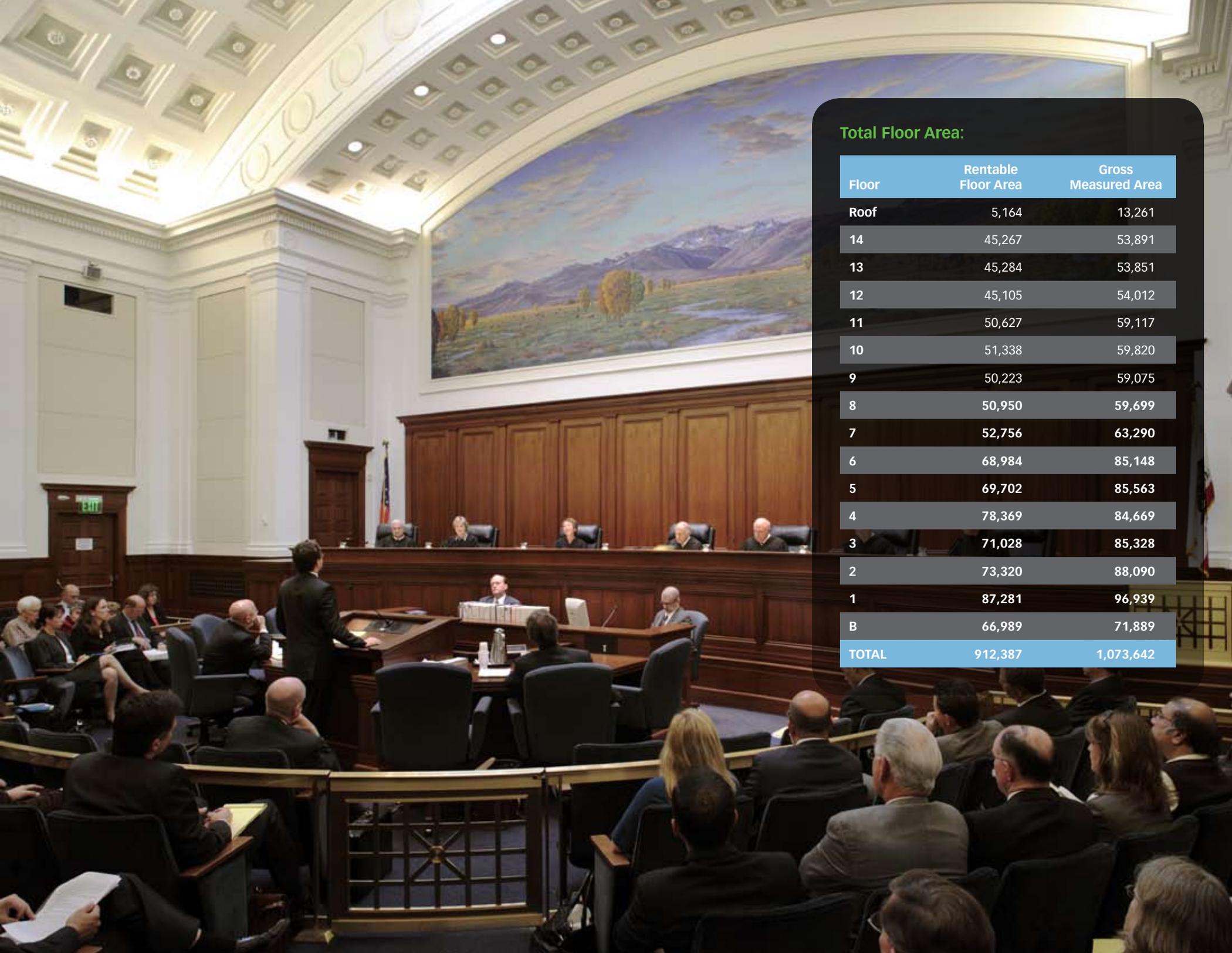
16 total

350 McAllister St - There are 2 gearless-traction passenger elevators and 1 geared-traction freight elevator manufactured by National Elevator.

| Elev. No. | Type                     | Capacity  | Floors Served |
|-----------|--------------------------|-----------|---------------|
| 1-2       | Passenger, traction      | 2,500 lbs | Basement - 6  |
| 3         | Freight, geared-traction | 4,500 lbs | Basement - 6  |

455 Golden Gate Ave - There are 9 gear-traction passenger elevators, 3 hydraulic passenger elevators, and 1 gear-traction freight elevator manufactured by National Elevator.

| Elev. No.  | Type                       | Capacity  | Floors Served      |
|------------|----------------------------|-----------|--------------------|
| 1, 2, 3, 4 | Passenger, geared-traction | 3,500 lbs | 1-2 and 8-14       |
| 5, 6, 7, 8 | Passenger, geared-traction | 3,500 lbs | 1-8                |
| 9          | Passenger, hydraulic       | 3,500 lbs | 1-2                |
| 10, 11     | Passenger, hydraulic       | 3,500 lbs | Basement, 1-2      |
| 12         | Passenger, geared-traction | 2,000 lbs | Basement-6         |
| 13         | Freight, geared-traction   | 4,500 lbs | Basement-Penthouse |



### Total Floor Area:

| Floor        | Rentable Floor Area | Gross Measured Area |
|--------------|---------------------|---------------------|
| Roof         | 5,164               | 13,261              |
| 14           | 45,267              | 53,891              |
| 13           | 45,284              | 53,851              |
| 12           | 45,105              | 54,012              |
| 11           | 50,627              | 59,117              |
| 10           | 51,338              | 59,820              |
| 9            | 50,223              | 59,075              |
| 8            | 50,950              | 59,699              |
| 7            | 52,756              | 63,290              |
| 6            | 68,984              | 85,148              |
| 5            | 69,702              | 85,563              |
| 4            | 78,369              | 84,669              |
| 3            | 71,028              | 85,328              |
| 2            | 73,320              | 88,090              |
| 1            | 87,281              | 96,939              |
| B            | 66,989              | 71,889              |
| <b>TOTAL</b> | <b>912,387</b>      | <b>1,073,642</b>    |

## Parking:

455 Golden Gate Avenue contains 65 private parking spaces.

Parking at 350 McAllister Street is shared with the adjacent building at 455 Golden Gate Avenue, which has one level of below building parking. The van-accessible stall is located closest to the elevator lobby.

## Paving, Curbs and Sidewalks:

**Paving:** 350 McAllister Street - No on site paving is provided as the building occupies the entire site and there is no vehicular access to the building.

The main entry has a cast concrete ramp and steps with stone facing.

455 Golden Gate Avenue - The entry drives to the garage and loading area are concrete.

**Curbs:** 350 McAllister Street - Curbs are generally limited to the sidewalk curbs, which are concrete.

455 Golden Gate Avenue - Curbs are generally limited to the public sidewalk curbs, which are concrete. One small landscaped area along the Polk Street elevation of the building has a concrete curb perimeter.

**Sidewalks:** 350 McAllister Street - Perimeter public sidewalks are broom finished concrete installed in accordance with SF Department of Public Works requirements. The open area courtyard has a raised pedestal lightweight concrete paver system installed over a fluid applied membrane roofing system.

455 Golden Gate Avenue - Perimeter public sidewalks are broom finished concrete installed in accordance with SF Department of Public Works requirements.

## Structure:

**Vertical Load System:** 350 McAllister Street – The elevated floors and roofs of the buildings typically consist of one-way normal-weight concrete structural slab. The slabs span to vintage steel I-beams that are typically supported on vintage hot-rolled steel columns. The columns deliver the vertical loads to the foundation.

455 Golden Gate Avenue – The elevated floors and roofs of the buildings typically consist of 2" x 18 gage metal deck with 3-1/4" light-weight concrete fill. Penthouse roofs consists 3" x 18 gage bare metal deck. The decks span to steel wide-flange beams and girders with shear studs at 12" centers. The steel floor and roof framing is typically supported on steel wide-flange columns, with built-out box columns at select locations around the exterior and atrium perimeters of the building.





The columns deliver the vertical loads to the foundation. Structural steel bridges span from the east to west wings at levels two and three.

**Lateral Load System:** 350 McAllister Street – The lateral force-resisting system for the building consists of rigid roof and floor horizontal diaphragms and retrofit horizontal steel tube bracing that deliver the lateral loads to and perimeter steel frame with masonry infill or perforated concrete shear walls. The shear walls transmit lateral forces directly to the foundation.

455 Golden Gate Avenue – The lateral force-resisting system for the building consists of rigid roof and floor horizontal diaphragms that deliver the lateral loads to distributed steel pipe concentrically braced frames with inline viscous dampers. The dampers and braces connect to the rigid frame joints through welded gusset plates with hinge pins. Flexible metal deck roof diaphragms and structural steel braced frames support the penthouse. The steel frames transmit lateral forces directly to the foundation. Centrally located concrete core shear walls extending from the foundation support the dampered braced frames in the basement and first story.

**Roof:** 350 McAllister Street – The roofing systems were installed as part of the 1999 renovation. The low-slope roof consists of a hot mopped asphalt multi-ply built-up system with a gravel ballast surface, all installed over the original concrete roof structure. The pitched roofs have slate tile with

tile also installed on the vertical surfaces of the raised dormer and penthouse walls. The roof ridge has a copper cornice trim. The slate is installed on sleepers attached to the original concrete and supplemental steel roof frame. Through-wall ventilation grilles are installed at the dormers and at select penthouse side walls.

The interior courtyards have precast lightweight concrete pavers on an elevated pedestal system installed over a fluid applied rubberized asphalt waterproof membrane system. Sloped courtyard skylights have steel frame supported vision and partially obscured structural glass set in a sealant bed.

455 Golden Gate Avenue – The main tower roof is the 1998 original and consists of a hot mopped asphalt built-up roofing system with a gravel ballast surface. The system was installed over rigid insulation on the lightweight concrete filled steel deck. Precast concrete paver walk pads have been installed at the perimeter for the window washing rig and to protect the membrane.

The mechanical equipment sight screen has factory finished aluminum panels on steel framed supports. At the inside face, the enclosure walls at the cooling tower deck are painted cement plaster. The cooling tower raised concrete pad has a fluid applied rubberized coating.

Lower exterior balconies have a concrete paver system installed over a waterproof membrane on protection board and the exterior deck assembly.

### Skylights:

- 350 McAllister Street - There are skylights in the lobby and courtyard.
- 455 Golden Gate Avenue – There is a skylight in the atrium.

### Exterior Finishes and Components:

350 McAllister Street - Exterior walls along the street elevations are the historical granite stone panels with stone balusters at windows and terra cotta and metal cornices and trim (reinforced during the renovation). Interior courtyards have cement plaster walls with stone highlights. Exterior windows are a combination of factory finished aluminum frames and tinted single-pane glazing and wood framed double hung windows with clear single-pane glass. Typically individual windows are recessed into the exterior wall finish. Aluminum framed glass is set into aluminum frames and held in place with extruded rubber glazing gaskets at the head, jamb, and sill. The entry soffit has a cement plaster finish. Trim elements include three wood flagpoles and three large wall sconce lantern type light fixtures at the McAllister elevation. Decorative stone window heads, horizontal dentil band trim, and pilaster capitals, concrete balusters, and terra cotta cornice trim elements are incorporated in to the exterior wall system. Exterior steps at the main entry consist of cast concrete substructure with concrete and stone trim; railings are bronze plated steel.

455 Golden Gate Avenue - Exterior finishes are a combination of precast concrete wall panels, granite stone panels and factory finished 3/16" aluminum composite panels. Plans show the panels are installed over insulation and moisture barrier. Stone panels are held in place with a strong-back stone support system and have a continuous weather barrier system. Precast panels are held in place with a precast anchor support system with lateral anchors and have 3/4" spacing at the top and bottom of panels to accommodate movement. Ground level windows have aluminum faced metal planter boxes. Precast concrete and stone wall panels have 2" of semi-rigid foil faced insulation on stick pins, aluminum panels are backed with foil faced mineral fiber curtain wall insulation. Exterior windows are a combination of an aluminum frame and tinted vision and spandrel glass window wall at the center Golden Gate elevation and individual windows with factory finished aluminum frames with tinted single-pane glazing set into the precast concrete and stone exterior wall system at the north and south elevations. Glass is set into factory finished aluminum frames and held in place with extruded rubber glazing gaskets at the head, jamb, and sill. At the interior, a stainless steel guardrail is provided at the full height lobby and elevated window wall glass panels. Entry soffits have factory finished aluminum cladding with recessed down light fixtures. Trim elements include a steel framed aluminum and glass canopy that spans the main entry. Aluminum panel faced canopy elements

are provided at the northwest retail entry and portions of the north elevation of Level 5.

### Exterior Doors and Frames:

350 McAllister Street - The main entry has a pair of historic steel frame with wood and glass entry doors and glass transom. Service doors and emergency exit doors are typically hollow metal doors with a painted finish.

455 Golden Gate Street - Main entry doors consist of three sets of double-swinging doors set in a manufacturer finished aluminum frame storefront entry type system with clear, single-pane, tempered glazing at doors and side-lites.



Service doors and emergency exit doors are typically hollow metal doors with a paint finish. Service doors at the exterior of the building have stone cladding to match building exterior finishes. The loading dock has a motorized, overhead sectional metal roll up door with a factory finish. The garage has a motorized overhead roll up grille.

### Office Area:

350 McAllister Street – Office areas have commercial grade carpeting, painted plaster or gypsum board walls, stained wood doors with lever-type hardware in wood or painted metal frames, and cement plaster or lay-in acoustical tile ceiling set in a metal grid suspension system. Vinyl composition tile is installed at break and supply areas. Conference rooms are located throughout the office areas.

455 Golden Gate Avenue – Office areas have commercial grade carpeting, painted gypsum board walls, stained wood doors with lever-type hardware in aluminum or painted metal frames, lay-in acoustical tile set in a metal grid suspension system and pendent hung fluorescent up-light fixtures at the ceiling. Vinyl composition tile is installed at break and supply areas. Conference rooms are located throughout the office areas, which include upgraded rooms on the partially below grade first floor with specialty furnishings and equipment to meet the needs of the room.



### Common Areas:

350 McAllister Street – The main building entry lobby and elevator lobby has terrazzo and stone flooring. Walls are finished with a combination of stone, stone clad columns and significant wood trim. The customized historic plaster ceiling has recessed down-lights and historic light fixtures. The main lobby connects to a large open atrium with terrazzo and stone flooring, stone panel walls and a skylight. This is a shared facility with the adjacent 455 Golden Gate Avenue building and leads to shared facilities including the auditorium and various meeting, training, and conference rooms at the ground floor and the cafeteria and daycare center on the second floor.

The central core contains the elevator lobby, an open ornamental stairway, separate men's and women's multi-occupant restrooms, and electrical and telephone closets. Enclosed emergency exit stairs are located at each end of the corridor. The upper level elevator lobbies and corridor finishes include tile and commercial-grade carpet, drywall or plaster walls with wood trim, and a combination of plaster and suspended acoustical tile ceilings. Finishes in the common area restrooms generally include ceramic tile floors and walls with painted plaster or gypsum board at the remaining walls and ceilings. Toilet partitions are floor-mounted vinyl plastic panels. Sinks are wall-mounted and have lever-style hardware. Plumbing fixtures and restroom accessories are commercial grade.

455 Golden Gate Avenue – The main building lobby is a three-story height space and has terrazzo and stone flooring and stone clad columns. Walls are

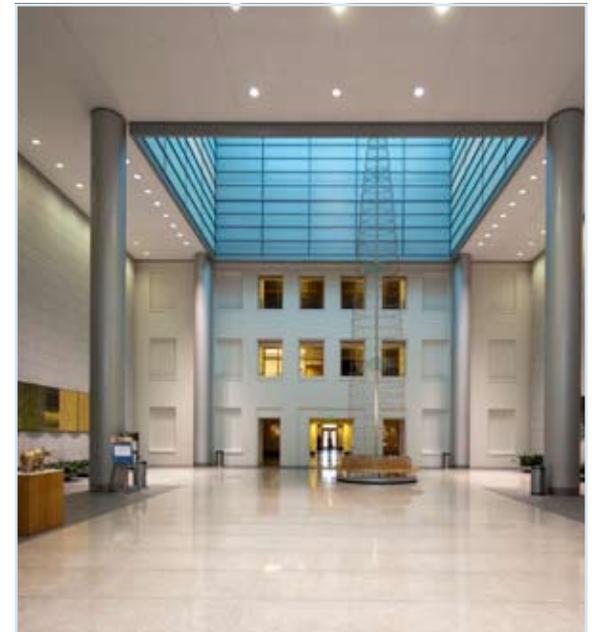
finished with a combination of wood veneer panels, polished stone, and painted gypsum board. A customized ceiling with recessed down-lights and select specialty light fixtures are provided. The open lobby steps are cast concrete with stone treads and risers and stainless steel tubular railings with glass panel side rails. Structural bridges with carpet and glass guardrails with wood caps provide access from the east to west wings at levels two and three.

The ground floor has an auditorium and various meeting, conference, and training rooms. The auditorium features theatre style seating and projection equipment with a raised stage. The meeting and training rooms are equipped and furnished based on use. Level 2 has a cafeteria with full service kitchen and dining area. The kitchen has ceramic tile floor, carpet at the dining area, painted gypsum board walls and acoustic tile ceilings with fluorescent light fixtures. Level 2 also has a children's day care center with both interior controlled access areas as well as dedicated use of one of the second floor exterior courtyards along the south elevation. Day care rooms have carpet, painted gypsum board walls and acoustic tile ceilings with fluorescent light fixtures.

The office tower central core contains the elevator lobby with four elevators, separate men's and women's multi-occupant restrooms, a janitor's closet with mop sink or storage closet and electrical and telephone closets. The ground floor core area also has security office and a mailroom with on-site mail person during select hours of the day.

The upper level elevator lobbies and corridor finishes include commercial-grade carpet, gypsum board walls and lay-in acoustic ceiling tiles. Select walls have wood or fabric wall covering. Low-high drinking fountains are also provided. Emergency exit stairs are located at each end of the floor.

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 have lay-in acoustic tiles with perimeter fluorescent light fixtures. Toilet partitions are floor-mounted vinyl plastic panels. Sinks are mounted in granite countertops and have motion-activated hardware. Plumbing fixtures and restroom accessories are commercial grade.



### Interior Lighting:

350 McAllister Street - Office area lighting is generally fluorescent fixtures with T-8 lamps and electronic ballasts. Exit lights are generator-backed illuminated fixtures located at exits. Emergency lighting is provided by generator-backed fixtures. Strip fluorescent fixtures are used in the loading dock and parking garage.

455 Golden Gate Avenue - Office area lighting is generally 2' x 4' recessed fluorescent fixtures with T-8 lamps and electronic ballasts. Exit lights are generally ceiling mounted edge-lit, generator-backed, illuminated fixtures located at exits and indicate the path of egress. Emergency lighting is provided by generator-backed fixtures. Strip fluorescent fixtures are used in the loading dock and parking garage.

### Interior Doors:

350 McAllister Street & 455 Golden Gate Avenue - Interior corridor, office, restroom, and service doors are typically wood with a stain finish in wood or painted metal frames with lever type hardware.

### Loading Docks:

350 McAllister Street - No loading dock.

455 Golden Gate Avenue - The loading area is accessed off Larkin Street and contains three bays. Two loading docks and one dock for the building trash compactor. The docks share a roughly 15x20 opening that has a motorized, overhead sectional metal door. The docks are each equipped

with rubber truck bumpers and the loading docks also have leveling equipment. The walls are painted CMU or cast concrete. The ceiling is exposed structure with spray-on fireproofing with ceiling-hung strip fluorescent light fixtures. One area drain is provided at the base of the loading docks with a trench drain provided at the entry.

### HVAC/Heating System:

350 McAllister Street - Cooling for the building is provided by two McQuay 187-ton centrifugal chillers that produce chilled water that is circulated to two McQuay air handling units in the penthouse and to approximately 263 fan coil units in all other parts of the building. The air handling units serve variable air volume (VAV) boxes with hot water heating coils on the sixth floor and fan coil units with electric heating coils serve all other areas.

The water-cooled chillers reject heat through three 800-ton BAC cooling towers located on the roof of the Hiram Johnson Center. Total cooling capacity of 2,400 tons, based on the capacity of three 800-ton cooling towers, represents  $\pm$  450 square feet per ton based on 1,079,100 square feet, the combined area of the two buildings.

Heating hot water is produced by steam-to-water heater heat exchangers, and the steam is provided by ERG, the local steam utility. The heat exchangers are maintained by ERG and serve both buildings.

455 Golden Gate Avenue - Cooling for the building is provided by  $\pm$  54 Mammoth water-cooled air handling

units on the typical floors that serve variable air volume (VAV) air distribution systems. Perimeter VAV boxes have hot water heating coils for heating. Refrigerant in the water-cooled air handlers is R-22.

The water-cooled air handling units reject heat through three 800-ton BAC cooling towers located on the roof that serve the chillers in the Earl Warren Building. Total cooling capacity of 2,400 tons, based on the capacity of three 800-ton cooling towers, represents  $\pm$  450 square feet per ton based on 1,079,100 square feet, which is the combined area of the two buildings.

Heating hot water is produced by steam-to-water heater heat exchangers, and the steam is provided by ERG, the local steam utility.

The heat exchangers are located in the Hiram Johnson Building and are maintained by ERG and serve both buildings.



### Energy Management System:

Automatic Temperature controls are provided by a Honeywell “Enterprise Buildings Integrator” direct digital control (DDC) system located in the engineer’s office at 455 Golden Gate Avenue. The DDC system start/stops equipment and performs the control logic for the operation sequences. The control system is common to both buildings.

### Plumbing System:

The Hiram Johnson (350 McAllister) and Earl Warren (455 Golden Gate) Buildings have several systems in common; these systems include the domestic water service and booster pumping system, and fire water service and fire pumping system.

**Water Service:** 350 McAllister & 455 Golden Gate Avenue- A 6” domestic water service with meter and backflow preventer and Moeller triplex booster pumping system controlled by a variable frequency drive located in the Hiram Johnson Building also serve the Earl Warren Building.

**Domestic Water Piping:** 350 McAllister & 455 Golden Gate Avenue- Domestic water supply tubing is a combination of galvanized pipe and copper tubing; galvanized pipe being used for the main supplies and copper for distribution.

**Water Heaters:** 350 McAllister Street - Domestic hot water for the typical floor restrooms is produced by electric water heaters located on every third floor. The water heaters are approximately ten years old, are seismically braced, and have a pressure relief valve piped in copper tubing to an adjacent mop sink.

455 Golden Gate Ave - Domestic hot water for the typical floor restrooms is produced by an 82-gallon electric water heater located on the thirteenth floor. The water heater is about ten years old, is seismically braced, has an expansion tank, and has a relief valve piped in copper tubing to an adjacent mop sink.

**Plumbing Waste & Vent Lines:** 350 McAllister & 455 Golden Gate Avenue- Sanitary waste and vent piping is cast iron.

**Fixtures:** 350 McAllister Street - Restrooms facilities typically have commercial grade wall-mounted water closets, urinals, and lavatory sinks. 455 Golden Gate Avenue -Restrooms facilities typically have wall-mounted water closets and wall-mounted urinals. Lavatory sinks are under-counter mounted.

**Natural Gas:** 350 McAllister & 455 Golden Gate Avenue- The building has a natural gas service with two meters and two earthquake valves located in the Hiram Johnson Building. One meter is for the kitchen and one meter is for the co-gen plant.

**Storm Drains:** 455 Golden Gate Avenue (only) - Storm water at the main roof and the lower exterior balconies is collected at internal drains with adjacent overflows, and flows through internal leaders that discharge into the municipal underground storm drainage system. Storm drainage at the loading area is surface sheet flow to a metal trench drain. The below grade parking level drains to two storm drain sump areas that discharge into the municipal storm drainage system.



### Electrical System:

The Hiram Johnson (350 McAllister) and Earl Warren (455 Golden Gate) Buildings have several systems in common; these systems include the main electrical service, emergency generator and emergency power system.

**Description of Service:** 350 McAllister & 455 Golden Gate Avenue- The two buildings are served by a common 1,200-amp, 12,470-volt, 3-phase, 3-wire electrical service which results in a capacity of approximately 19.2 watts per gross square foot.

**Electrical Distribution:** 350 McAllister Street - The building is fed from the main switchboard by three 12,470-volt feeders; two to 2,000-amp, 277/480-volt substations and one to a 3,000-amp, 120/208-volt substation.

455 Golden Gate Avenue - 12,470-volt power is distributed to substations on the building tenant floors. Levels 5, 6, 7, 11, and 12 have substations with transformers that generate 277/480-volt service, and level 3, 4, 9, 10, and 13 have substations that generate 120/208-volt service.

350 McAllister & 455 Golden Gate Avenue- A 1,500-kW Onan/Cummins diesel-driven generator, located on the roof of the Earl Warren Building, served by an underground storage tank, supplies emergency power to both buildings through a 1,600-amp and a 2,500-amp 277/480-volt emergency switchboards.

### Fire/Life Safety System:

350 McAllister Street - The building is a Type II, fire resistive structure and is fully sprinklered. The primary concrete framing system has been supplemented by a steel framing system that has a spray fireproofing. Vertical shaft enclosures (elevator, HVAC) are typically 2-hour rated with core board. Elevator lobbies and the central stair remain open based on the Historical Building Code allowances. The stairway enclosures are typically 2-hour rated gypsum wallboard walls and hollow metal door frames and doors are labeled 1-1/2-hour fire resistive rated with smoke-tight seals. Corridor walls extend to the underside of plaster ceiling or structure and are one-hour rated. Solid core wood corridor doors and frames are generally labeled.

455 Golden Gate Avenue - The building is a Type I, fire resistive structure and is fully sprinklered. The primary steel framing system has spray fireproofing protection. Vertical shaft enclosures are typically 2-hour rated with gypsum shaft rated board. Elevator lobbies have rated enclosure doors with electric hold-open devices. The stairway enclosures are typically 2-hour rated gypsum wallboard walls. Hollow metal doorframes and doors are labeled 1-1/2-hour fire resistive rated with smoke-tight seals. Corridor walls, where observed, extend to the underside of structure and are one-hour rated. Solid core wood corridor doors and frames are labeled.

The Hiram Johnson (350 McAllister) and Earl Warren (455 Golden Gate) Buildings have fire water service and fire pumping systems in common.

The building is fully sprinklered with an automatic wet-pipe system that has an 8" supply with backflow preventer and outside fire department connections. The fire sprinkler and standpipe systems are pressurized by a 1,000-gpm, 200-hp electric fire pump. The fire service and fire pump are located in the Hiram Johnson Building and serve both buildings. Kitchen hood in the cafeteria is protected by an Ansul R-102 chemical fire suppression equipment.

The Hiram Johnson (350 McAllister) and Earl Warren (455 Golden Gate) Buildings also have the fire alarm system in common.

A Cerberus addressable fire alarm panel monitors flow and tamper switches in the sprinkler system, smoke detectors, and pull stations. The fire alarm panel activates horn/strobe devices. The fire alarm system is monitored off-site by Siemens.





**Utilities:**

**350 McAllister Street &  
455 Golden Gate Avenue**

**Water:** San Francisco Municipal  
Utility District

**Sewer:** San Francisco Municipal  
Utility District

**Electricity:** Pacific Gas and Electric  
(PG&E)

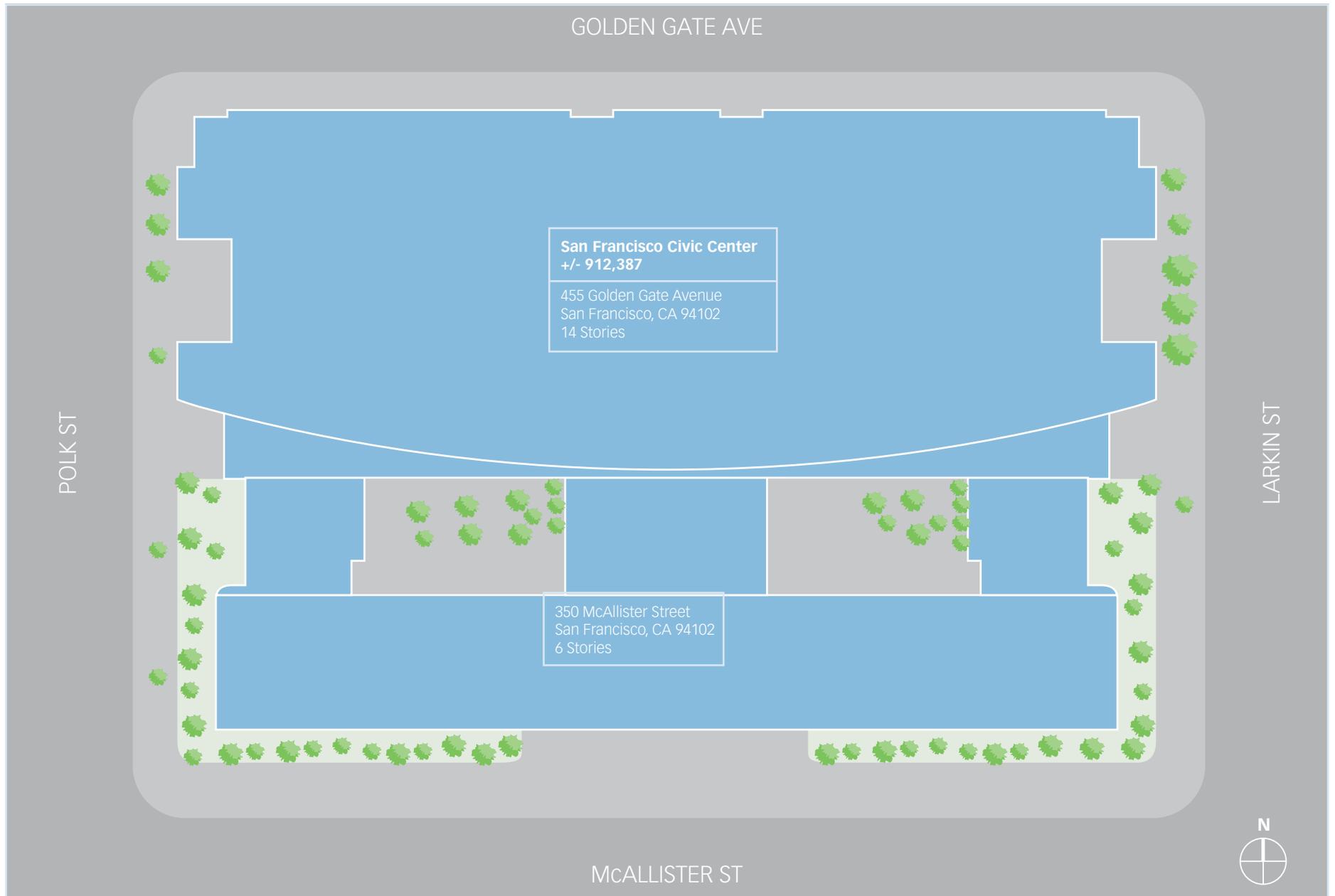
**Gas:** PG&E

**Telephone:** AT&T

**Trash and Recycling:** Golden Gate Waste  
and Recycling



Site Plan

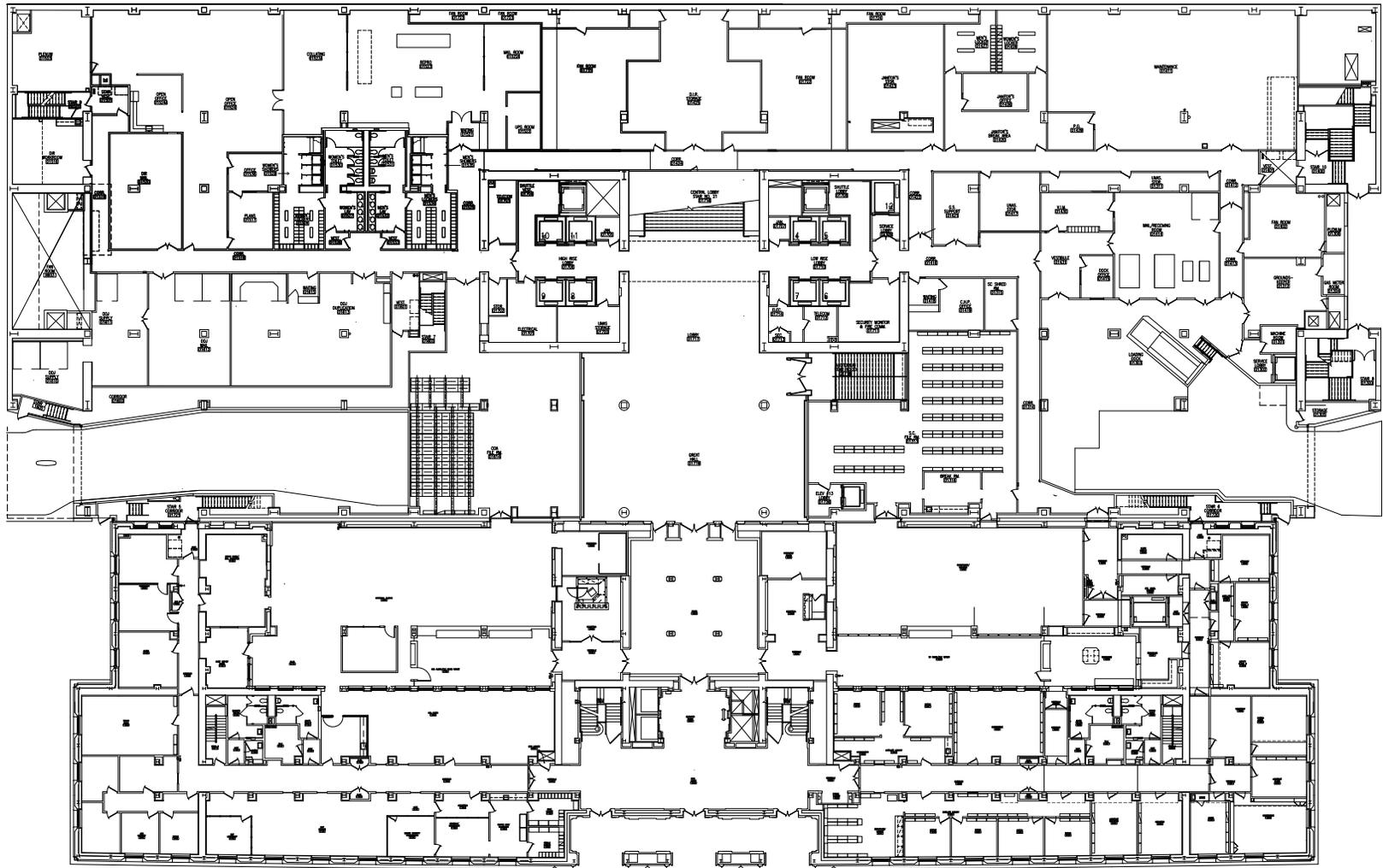


## Representative Floor Plans

### San Francisco Civic Center

350 McAllister Street and  
455 Golden Gate Avenue  
San Francisco, CA 94102

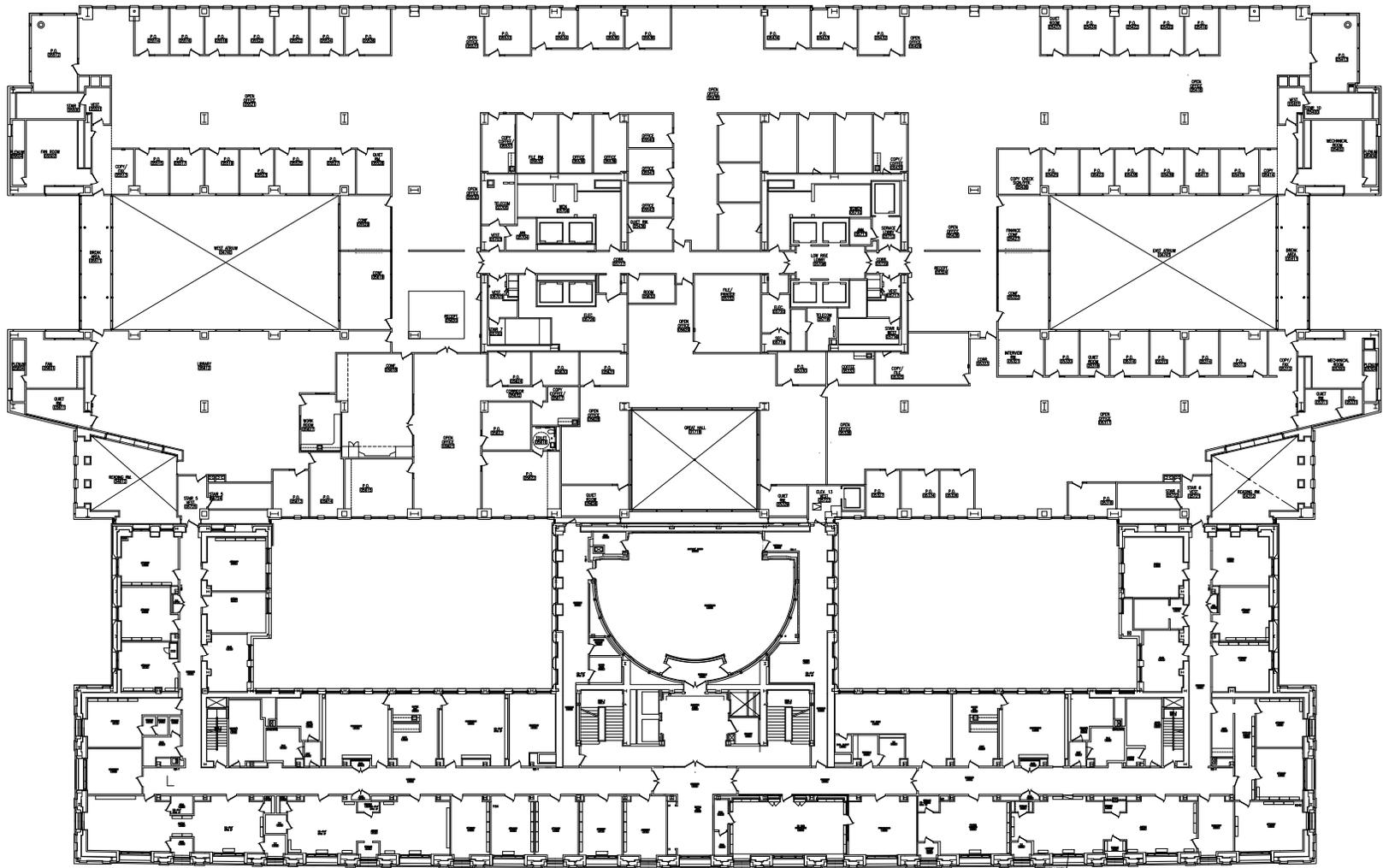
#### Floor 1



**San Francisco Civic Center**

350 McAllister Street and  
455 Golden Gate Avenue  
San Francisco, CA 94102

**Floor 4**

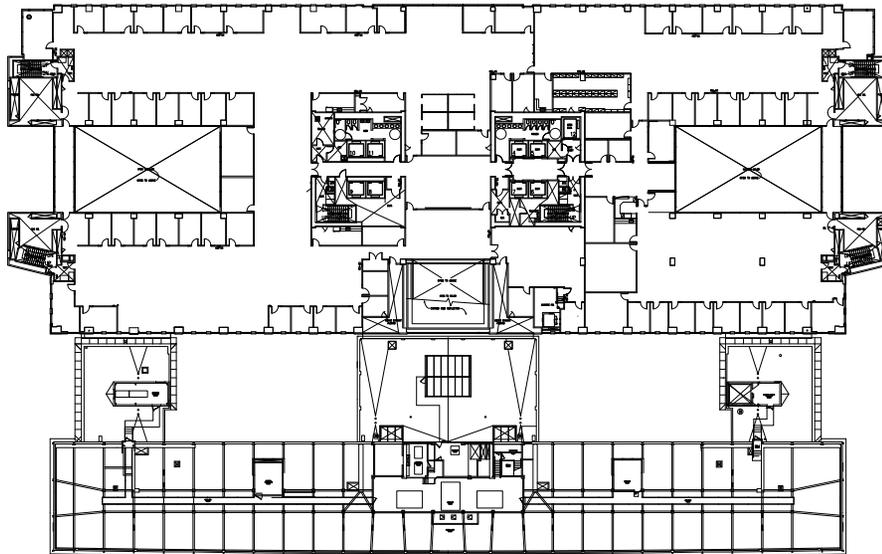




**San Francisco Civic Center**

350 McAllister Street and  
455 Golden Gate Avenue  
San Francisco, CA 94102

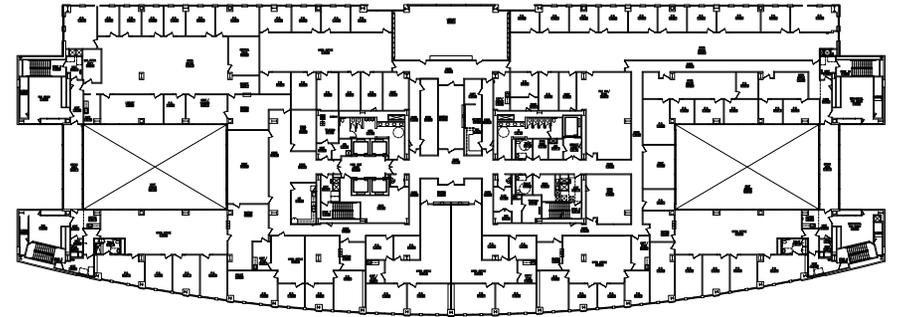
**Floor 7**



**San Francisco Civic Center**

455 Golden Gate Avenue  
San Francisco, CA 94102

**Floor 14**





SAN  
FRANCISCO  
CIVIC  
CENTER



# THE SAN FRANCISCO BAY AREA OVERVIEW

The San Francisco Bay Area has the unique distinction of being the most innovative place in America. The Bay Area is one of the most inventive, competitive economies in the world based on a productive and educated workforce, deep venture capital pool, concentration of research organizations, culture of innovation and receptivity to new ideas. Some of the highlights of the Bay Area include:

- Over 7.2 million residents and the highest percentage of graduate and professional degrees in the nation
- The second most densely populated major American city, after New York
- Home to 29 Fortune 500 companies and 32 of Inc. 500's fastest growing private companies
- Superb quality of life with a Mediterranean climate, world-famous wine country, world-class cultural resources, and the stunning natural beauty of the Pacific Ocean and the Sierra Nevada Mountains
- Highest concentration of venture capital firms in the world which have invested an average of \$10 billion annually in 1,100 local area firms
- Proximity to outstanding education and research institutions at Stanford University, University of California at Berkeley, University of California at San Francisco, University of California at Davis, Santa Clara University and San Jose State University

## Knowledge-Based Economy

With its longstanding reputation for cutting-edge innovation, the Bay Area has always required one of the most specialized and educated workforces in the country. The Bay Area has the highest share of population with a bachelor's degree and the largest number of top 10 graduate programs. For the more specialized industries, academic excellence ensures an ongoing supply of highly-educated researchers. In fact, one in four of California's biotech firms were founded by University of California scientists.

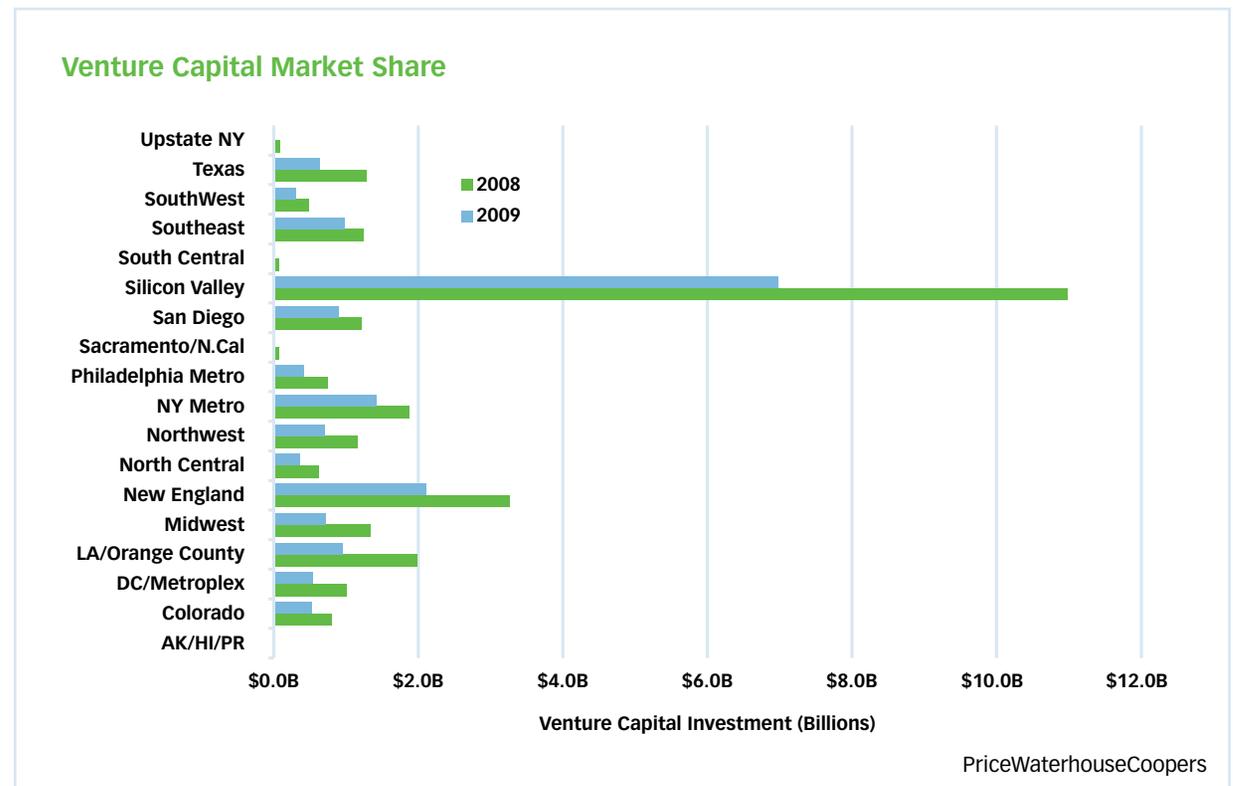
Recent literature by acclaimed author, Dr. Richard Florida, credits the knowledge workers of the Bay Area as the main catalyst for economic growth in his publication, *Who's Your City?*. He cites the Bay Area as the premier location for this "creative class," with its established demographic talent, diverse and tolerant community, and the advanced technology infrastructure necessary to fuel an entrepreneurial culture. Those, he claims, who can "create outcomes in new ideas" will bring any region to great economic power and growth.

## Venture Capital Funding

The San Francisco Bay Area lays claim to the highest concentration of venture capital firms in the world. By providing capital and management expertise to burgeoning companies, venture capitalists facilitate ground-breaking innovation. Companies such as Cisco, Intel, Oracle, Apple and Genentech were all funded by venture capitalists before they grew to the multinational corporations they are now. These Bay Area companies are evidence of the proximity advantage. Those close to venture capitalists tend to attain financing faster: Bay Area start-ups gain financing on average 11.6 months after launch, compared to an average of 16.6 months across the nation. Thus the Bay Area has become the venture capital “capital” of the world, receiving 39.5% of all venture capital invested in the US, amounting to nearly \$7 billion in 2009.

Venture capital funding has contributed to the Bay Area’s leading position in global innovation as it has evolved with and facilitated the repeated waves of major new technologies. The latest rounds of funding have focused on the clean tech industry, as the market for products/services which reduce energy consumption is rapidly gaining momentum. Venture capital investment in clean tech has grown nearly 350% from 2005 levels, totaling \$2.2 billion

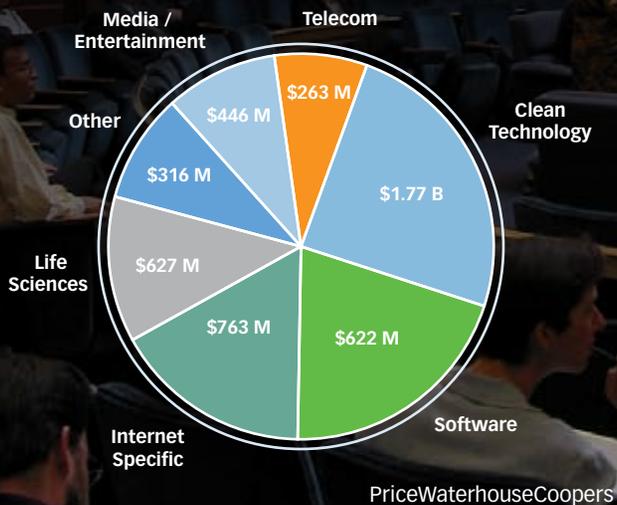
in 2007. The Bay Area leads the charge, accounting for 62% of California’s and 21% of US investment. The arrival of regional initiatives has also established Bay Area clean tech predominance, with over \$750 million invested into environmental research by the US Department of Energy and the British Petroleum Corporation.



## Life Sciences

The Bay Area is home to the nation's largest concentration of basic and applied research facilities in the country with six leading research universities, five national laboratories, and numerous private and independent research labs and organizations. Touted as the "birthplace of biotechnology," the Bay Area is the leading life science region with approximately 1,300 life science companies providing more than 100,000 jobs to the area. The life science industry brings high-paying jobs and tremendous growth potential based on expected pending breakthroughs in medical research. In all, the industry generates more than \$62 billion in revenue for Northern California.

## 2009 Venture Capital Investments By Sector



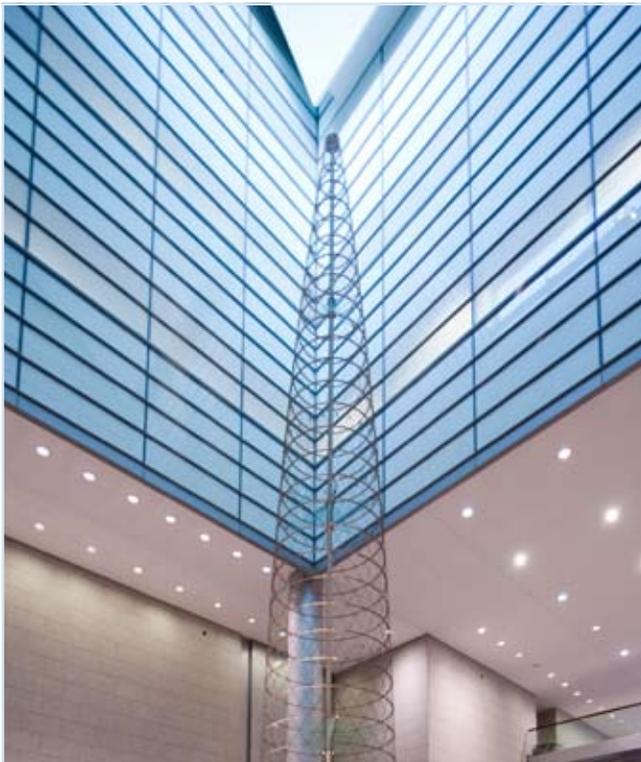
## Global Orientation & Trade

The Bay Area's global presence is supported by a sophisticated trade infrastructure, generating \$80 billion annually. Three international airports and the nation's fourth largest container port provide a logistical base that ensures its companies are among the most globally connected in the world. The global demand for the Bay Area's technology products and services has been a driving factor behind the region's economic expansion and accounts for a large share of revenue for tech companies in the region.

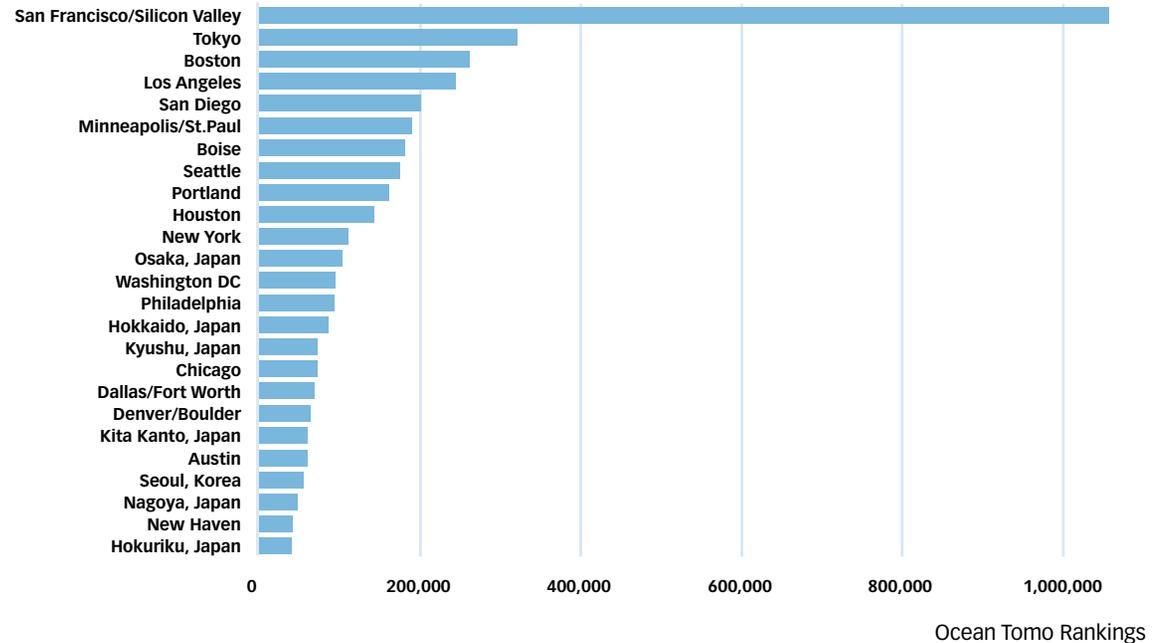
## A Center Of Innovation

It is not surprising that the Bay Area has the unique distinction of being the most inventive place in the world. A recent Business Week article ranked the top inventive cities in the world according to Ocean Tomo, a Chicago-based financial research and services firm. The company based their findings on the value of patents awarded since 1976 based on 50 factors, including patent maintenance fees and how many times each patent is cited in new ones and then cross-referenced with the addresses of the first-listed patent holders.

San Francisco/Silicon Valley was number one on the list by a huge margin (see the article "The World's Most Inventive Cities"). The Bay Area benefits from an unparalleled creative center which boasts strong biotech, research firms, universities and labs.



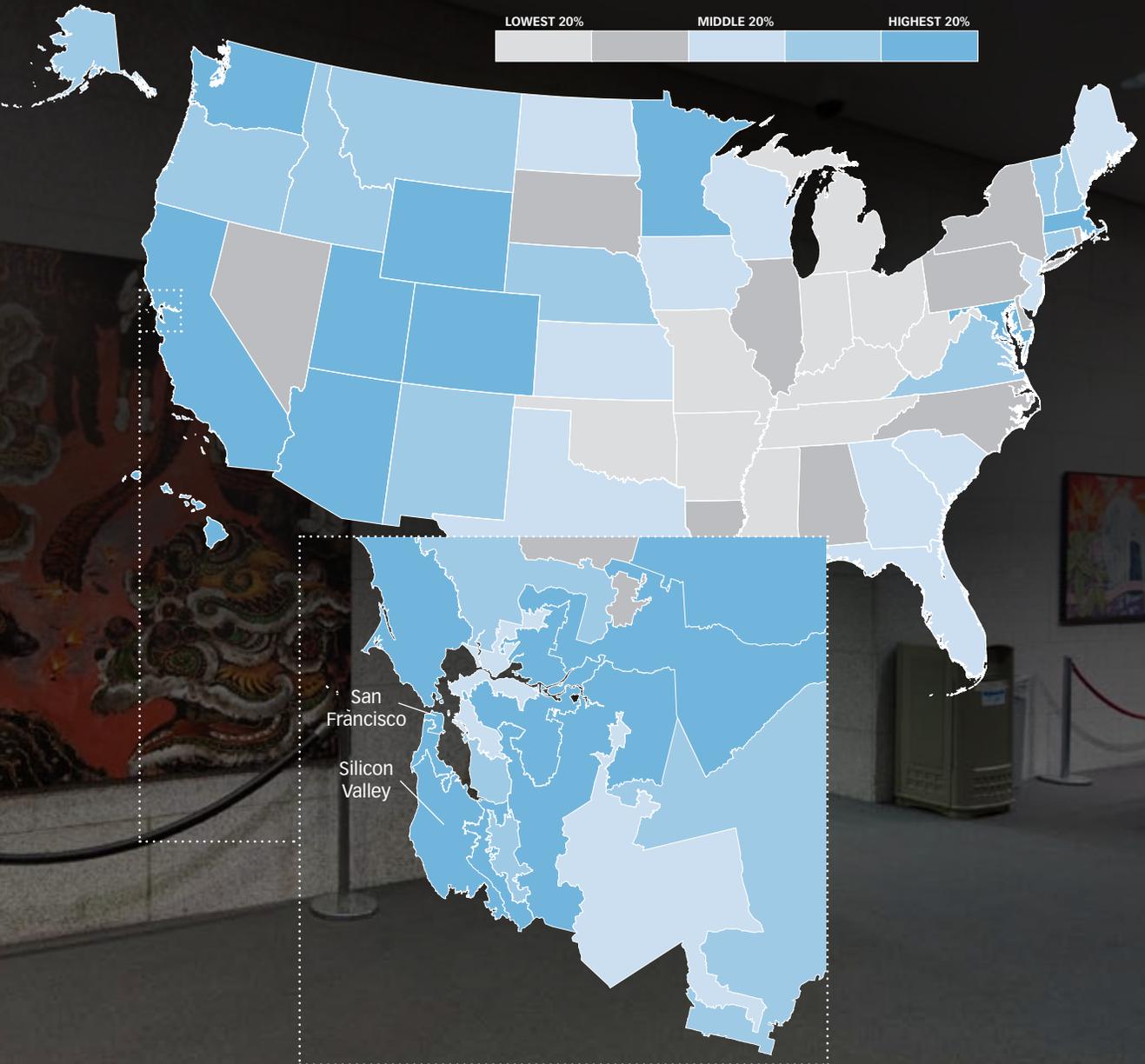
## Top 25 Inventive Cities In The US



## The Well-Being Index

While superior quality of life and the Bay Area have often been synonymous, a recent nationwide survey has helped quantify this statement. The Gallup Corporation created an index to rank the desirability of places throughout the country, and the Silicon Valley ranked number one in the nation. The Gallup-Healthways Well-Being Index ranks places according to the following six general metrics: Life Evaluation, Emotional Health, Physical Health, Healthy Behavior, Work Environment, and Basic Access. (<http://www.ahiphewire.org/wellbeing/>).

California's 14th Congressional district, which comprises portions of San Mateo, Santa Clara and Santa Cruz counties ranked at the top of the list of all 435 Congressional districts in the country with respect to the Well-Being Index (see map). Silicon Valley's #1 ranking overall includes the following highlights: work quality (#1 in the country) and healthy behavior (#2 in the country). Other congressional districts in the Bay Area were not far behind and ranked in the top 20% in the country according to the poll.



# SAN FRANCISCO OVERVIEW

Home to over 800,000 residents and numerous major publicly traded and private companies, San Francisco is among the most popular cities in the world to live, work and visit. The city's economy boasts great diversity, with substantial financial services, professional services, technology, real estate, entertainment, consumer goods, advertising, biotechnology, tourism, education and engineering sectors.

## Employment

As the financial center of the West Coast, Montgomery Street is known as the "Wall Street of the West", San Francisco is home to the 12th District Federal Reserve Bank, the Federal Home Loan Bank and the California State Banking Department. Also headquartered in San Francisco are Wells Fargo and Bank of America (western region), two of the largest banks in the country. International bank Barclays Global Investors, the largest money manager in the world also calls San Francisco home. Large financial service firms such as Bank of America Securities and Charles Schwab are headquartered in San Francisco. Investment banks such as Goldman Sachs, Morgan Stanley and JP Morgan Chase all maintain regional headquarters in the city. San Francisco will always rank among the preeminent business locations in the United States.



The following is a list of the largest public companies located in San Francisco ranked by revenue:

| Company              | Industry            |
|----------------------|---------------------|
| McKesson Corp.       | Pharmaceutical      |
| Wells Fargo & Co.    | Banking             |
| PG&E Corp.           | Utility             |
| Gap Inc.             | Retail              |
| URS Corp.            | Engineering         |
| Charles Schwab Corp. | Financial Services  |
| Del Monte Foods Co.  | Food                |
| ABM Industries Inc.  | Commercial Services |
| Williams-Sonoma Inc. | Retail              |
| Salesforce.com Inc.  | Software            |

## Life Sciences and Mission Bay

Life sciences firms, historically headquartered just south of San Francisco, are gravitating into the City mainly due to the world-class biomedical research performed at the University of California San Francisco (UCSF). In addition, Mayor Gavin Newsom has shown support to extend a biotech exemption tax through 2014. Estimates suggest that more than 2,200 life science jobs have been created since the incentive was made available in 2004 and has been key to attracting businesses from one of the nation's fastest growing industries. Also, with California's Proposition 71 passed in 2004, which allocated \$3 billion in bonds to fund stem cell research, the Independent Citizen's Oversight Committee selected San Francisco as the headquarters for the California Institute of Regenerative Medicine. The focal point for life sciences firms is now Mission Bay, a 303-acre development project near San Francisco's CBD that includes a 43-acre biotech research campus for UCSF, office buildings, apartments, condominiums and neighborhood retail.



CIVIC CENTER PLAZA GARAGE



SAN  
FRANCISCO  
CIVIC  
CENTER

# MARKET ANALYSIS

## San Francisco Office Market

The San Francisco office market consists of approximately 80 million sf. Major submarkets include the Financial District with 26.4 million sf and the South Financial District with 23.2 million square feet. The Civic Center/Van Ness submarket comprises only 3.1 million sf of the total market.

The economic downturn that plagued 2009 took its toll on the San Francisco office market; however, at year-end, a few positive signs emerged in market fundamentals. Availability and vacancy decreased slightly as activity in the market picked up in the fourth quarter. Absorption, although minimal, was positive for the first time in six quarters and was a

significant improvement from the more than 1.8 million SF of negative absorption in the first half of the year. The fourth quarter experienced a further decline in lease rates, although it was the smallest drop in six quarters. With a significant amount of lease rollover in 2010, transaction volume is expected to increase next year; however, growth from these tenants will be dependent upon an economic rebound. Two economic indicators that historically have been tied to the San Francisco office market, the NASDAQ and Silicon Valley venture capital funding, have shown signs of recovery. Since the end of 2008, NASDAQ has increased 30%, and Silicon Valley venture capital funding nearly

doubled from the second to the third quarter of 2009. These signs, coupled with positive absorption this quarter and a decline in the vacancy rate, hint that the bottom may be near for the San Francisco office market.

A large component of the five million SF of tenant demand will potentially convert into renewal activity in 2010. In fact, existing financial, legal and business services tenants are looking to right-size their current space; however, since these companies have been more efficient with their office usage, the amount of space to be given back is predicted to be minimal.

## San Francisco Office Market Q4 - 2009

| Submarket                              | Net Rentable Area | Total Vacancy | Class A Vacancy | Average Asking Rate |                |                | Q4 Net Absorption | Y-T-D Net Absorption |
|--|-------------------|---------------|-----------------|---------------------|----------------|----------------|-------------------|----------------------|
|  |                   |               |                 | Class A             | Class B        | Class C        |                   |                      |
| <b>CBD</b>                             | 48,256,376        | 13.4%         | 13.4%           | \$34.27             | \$27.50        | \$22.95        | 63,395            | (894,495)            |
| <b>North Waterfront/Jackson Square</b> | 4,837,695         | 17.5%         | 20.5%           | \$31.00             | \$27.00        | \$26.00        | 12,612            | (316,739)            |
| <b>Rincon/South Beach</b>              | 2,721,511         | 11.5%         | 4.6%            | \$34.50             | \$28.50        | \$23.00        | 36,115            | (56,657)             |
| <b>Yerba Buena</b>                     | 3,316,424         | 22.2%         | 54.2%           | \$31.00             | \$27.00        | \$24.00        | 8,792             | (244,759)            |
| <b>South of Market</b>                 | 2,729,010         | 17.6%         | 4.6%            | \$28.00             | \$25.50        | \$19.00        | 4,500             | (83,995)             |
| <b>Multimedia Gulch</b>                | 3,406,757         | 26.5%         | 49.5%           | \$33.00             | \$28.50        | \$25.50        | (152,877)         | (234,804)            |
| <b>Mission Bay/China Basin</b>         | 2,261,508         | 22.3%         | 22.3%           | \$34.00             | N/A            | N/A            | 20,609            | 142,334              |
| <b>Potrero Hill</b>                    | 2,088,242         | 14.8%         | 15.8%           | \$28.00             | \$26.00        | \$25.00        | (13,186)          | (68,969)             |
| <b>Civic Center/Van Ness</b>           | 3,156,141         | 11.4%         | 4.5%            | \$27.00             | \$22.00        | \$19.00        | 15,871            | (44,530)             |
| <b>Union Square</b>                    | 3,765,705         | 12.5%         | 7.2%            | \$31.00             | \$25.00        | \$23.00        | 12,031            | (160,429)            |
| <b>San Francisco Office Market</b>     | <b>76,539,369</b> | <b>14.9%</b>  | <b>15.1%</b>    | <b>\$33.79</b>      | <b>\$26.70</b> | <b>\$22.94</b> | <b>7,862</b>      | <b>(1,963,043)</b>   |

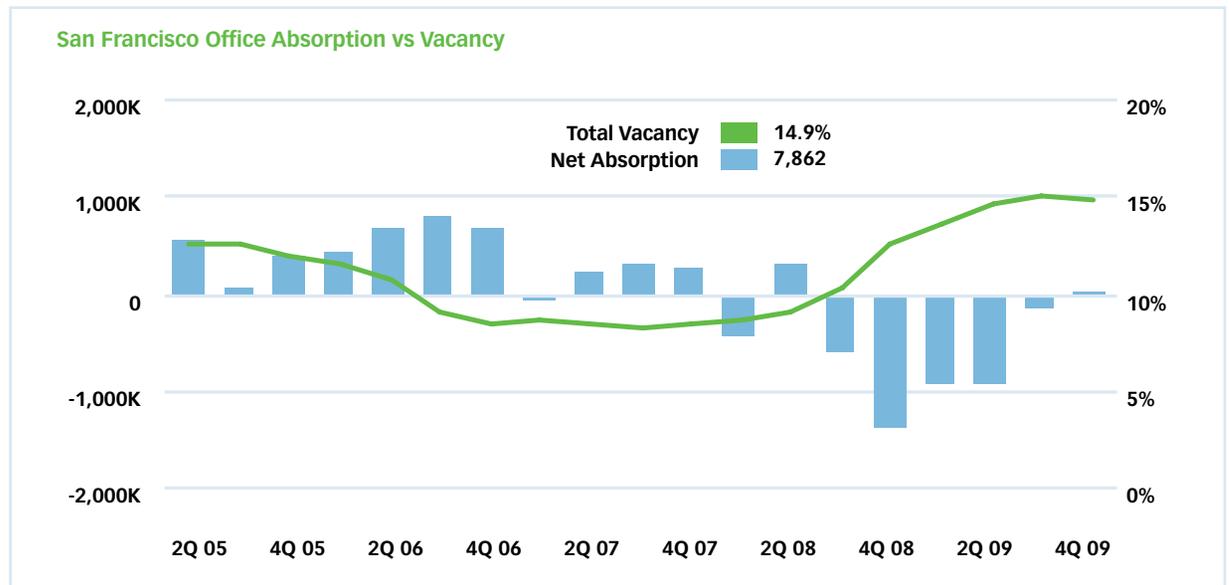
This trend marks a difference from the last downturn when tenants were sitting on large amounts of excess space that eventually hit the market. In 2010, capital constraints may limit relocations and expansions like Del Monte, which signed a lease for 153,000 SF at 1 Maritime Plaza this quarter.

San Francisco has long been a desired location for technology tenants; this was evident in 2009, as demand from technology companies more than doubled. Over 70 tech tenants are currently being tracked in the market, with many anticipated to contribute to new growth.

In addition, biotechnology/life science companies from around the world are relocating to San Francisco, specifically, in the Mission Bay submarket. The result of occupancy from these tenants will be absolute growth. Going forward into 2010, San Francisco's ability to attract a wide variety of tenants will allow the market to remain ahead of the curve as the national economy slowly recovers.

### Civic Center/Van Ness Submarket

Class A averaging asking rents in the Civic Center submarket stood at \$27/sf/yr in Q4 2009. Since the year 2000, asking rents have averaged \$30.82/sf/yr, reaching a high of \$52.53/sf/yr in Q2 2000. Average Class A asking rents in the San Francisco CBD stood at \$34.27/sf/yr in Q4 2009. The San Francisco Civic Center Property is the top building in the submarket, located next to City Hall on the Civic Center Plaza, the center of the Civic Center submarket. The State of California will have an initial annual leaseback rent of 39.11/sf modified gross (\$3.26/sf monthly) for the party for twenty years.



The market rent for the Property is significantly higher than current average asking rent in the Civic Center submarket for the following reasons:

- Excellent quality interior finishes comparable to top Class A high-rise office properties in the San Francisco CBD, where average asking rents are currently and range up to \$60/sf/yr.
- The Property affords a critical mass of square footage unmatched in the submarket - large users have few comparable options in the entire San Francisco office market let alone the Civic Center submarket.
- LEED Gold certification commands a premium over non-certified properties
- Irreplaceable location on the Civic Center Plaza next to City Hall

The Civic Center submarket contains many of the city's largest governmental institutions and has two large plazas, Civic Center Plaza and United Nations Plaza.

Rich in culture and history, the United Nation's Charter was signed in the War Memorial Veteran's Building's Herbst Theatre in 1945 leading to the creation of the United Nations, this submarket has withstood the test of time and changing economic climates. In the 1980's and '90s, the Louise M. Davies Symphony Hall, the Main Library and the Asian Art Museum were all added to this diverse submarket. Symphony Hall, the Main Library and the Asian Art Museum were all added to this diverse submarket.

San Francisco's Civic Center office submarket is generally defined as the triangular area bound between Turk and Market Streets running west to Van Ness Avenue. The Civic Center office

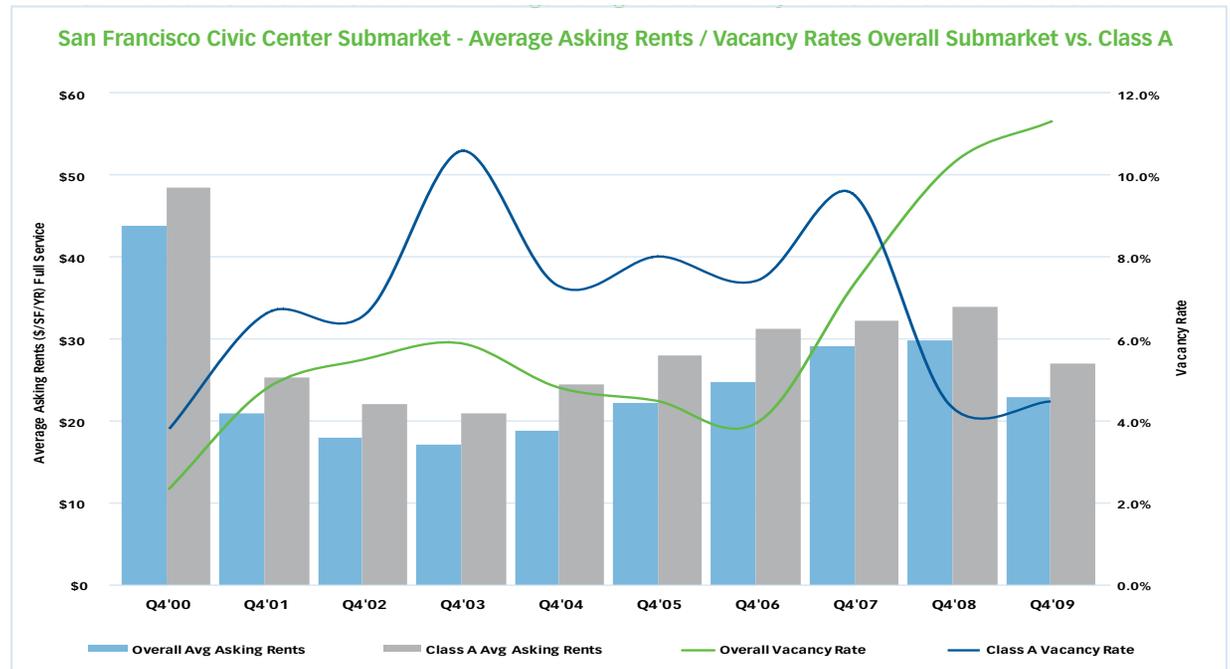
submarket comprises approximately 3.1 million square feet, and total vacancy as of the fourth quarter 2009 is approximately 11.4%, lower than the 14.9% vacancy for the overall San Francisco office market.

There is a relatively limited total supply of Class A space in the Civic Center submarket, which consists of approximately 980,000 square feet. Class A vacancy in the Civic Center stands at a tight 4.5% as of the fourth quarter 2009 illustrating the lack of available Class A space in the submarket. Office users in the area tend to be government tenants and larger corporate users.

Average asking rents measure the rates achievable for available space. With the minimal amount of Class A space for lease in the submarket, the current average asking rents substantially underestimate the rent levels achievable for the property under consideration if it were available for lease as none of the available space in the market is comparable to the property. As seen historically, as vacancy rates tighten in the Civic Center submarket, rent levels can grow significantly.

The Civic Center submarket is anchored around the Civic Center Plaza and City Hall. Office space proximate to City Hall commands a premium as major governmental users and supporting services must locate offices near this central location.

The Civic Center submarket has seen virtually no sizable “for lease” office construction in the last 20 years, and the general quality of office space in the submarket is inferior to similar properties in downtown San Francisco. Properties with high quality construction and finishes command a significant premium over average properties given the scarcity of true Class A high quality office space.





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

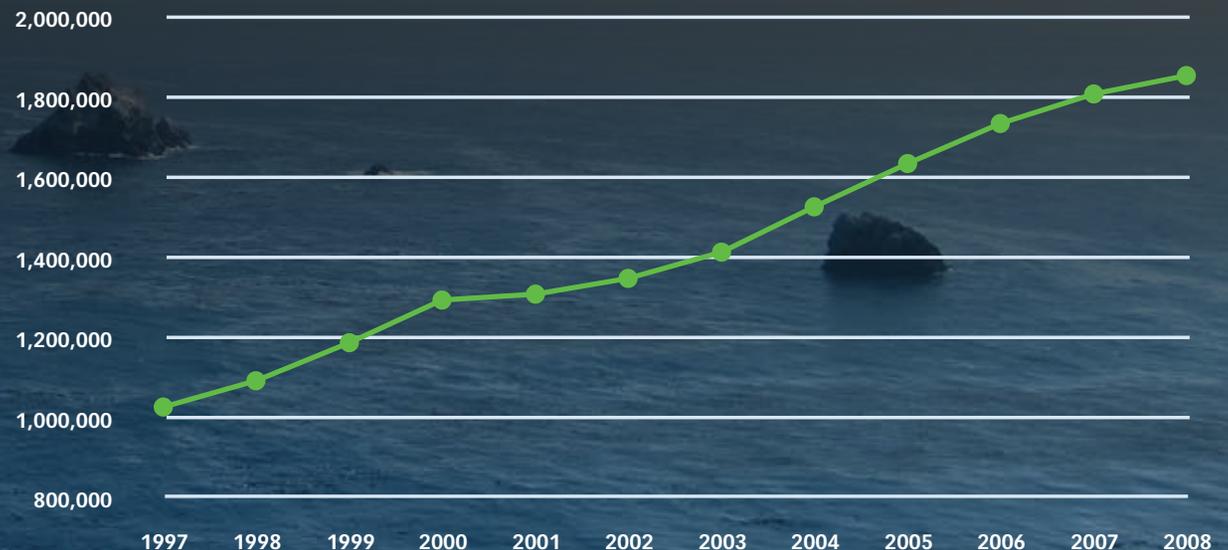
part due to its temperate climate, excellent quality of life, diverse population, world-renowned cities and its position as the gateway to the Pacific Rim. Additionally, California prides itself on striving to be the "greenest" and most eco-friendly states in the country. California's desirable quality 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
- 3<sup>rd</sup> largest state by area
- Lowest in per capita energy usage
- 2<sup>nd</sup> in hydroelectric power potential
- 3<sup>rd</sup> 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

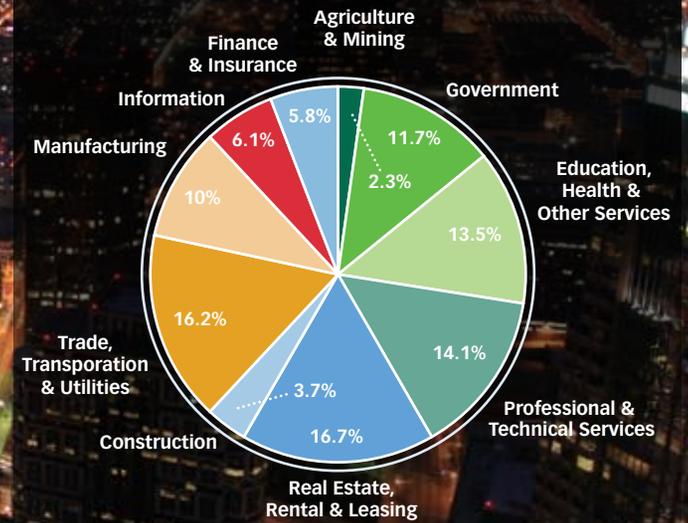




Downtown Los Angeles

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.





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:** San Francisco Civic Center  
350 McAllister and 455 Golden Gate Ave  
San Francisco, CA

**Net Rentable Area:** 912,387 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* |
|-----------------------|---------|-------------|-------------|--------------|-------------|
| <b>Years 1 to 5</b>   | 910,887 | \$2,968,630 | \$3.26      | \$35,623,555 | \$39.11     |
| <b>Years 6 to 10</b>  | 910,887 | \$3,265,493 | \$3.59      | \$39,185,911 | \$43.02     |
| <b>Years 11 to 15</b> | 910,887 | \$3,592,042 | \$3.94      | \$43,104,502 | \$47.32     |
| <b>Years 15 to 20</b> | 910,887 | \$3,951,246 | \$4.34      | \$47,414,952 | \$52.06     |

Note: Escalations in Base Rent detailed in the above Rent schedule are calculated on the basis of a 10% increase on the fifth (5<sup>th</sup>) anniversary of the commencement date and on each fifth (5<sup>th</sup>) 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:** Sixty five (65) parking spaces. State shall have the exclusive right (but not the obligation) to use all parking at a charge of \$250 per stall per month, payable in arrears. The parking rate shall increase by ten percent (10%) on the fifth (5<sup>th</sup>) anniversary of the Commencement Date and on each fifth (5<sup>th</sup>) anniversary thereafter.

**Services, Utilities and Supplies:** Lessor, at Lessor’s sole cost and expense, with the exception of payment for gas and electricity, shall provide the full range of 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 property management services all of which shall be in similar levels and quantities as those provided under other Full Service leases in comparable quality office buildings in the same market area.

**Repair and Maintenance and Capital Repairs and Replacements:**

Lessor 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 tenable 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<sup>th</sup>) of an amount that will be determined by multiplying the base amount of \$9,971,440 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<sup>th</sup>) 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.

**Painting and Carpet:**

Lessor agrees at Lessor's sole cost and expense to repaint all interior painted surfaces upon or after the sixtieth (60<sup>th</sup>) month of the Lease Term and every sixty (60) months thereafter. Further, Lessor shall replace all carpet and floor covering upon or after the one hundred twentieth (120<sup>th</sup>) month of the Lease Term and every one hundred twenty (120) months thereafter.

**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.

**Onsite Management:**

Lessor agrees to furnish the services of an onsite professional property management company at Lessor's sole cost and expense. Said duties shall be more particularly described in exhibits to the lease attached thereto.

**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 |
|-----------------------------------|---------|----------------|-----------|---------|
| <b>State of California</b>        | \$39.11 | Modified Gross | 910,887   | 99.84%  |
| <b>Property Management Office</b> | \$39.11 | Modified Gross | 1,500     | 0.16%   |

### Market Rent Growth:

3% - Fiscal Year Ending June Inflation

### Expense Recoveries:

Modified Gross – Electricity and Gas are paid directly by the State of California.

### 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   | \$35,623,555 | \$39.11     |
| July 2015 | \$39,185,911 | \$43.02     |
| July 2020 | \$43,104,502 | \$47.32     |
| July 2025 | \$47,414,952 | \$52.06     |

\*Rounded to two decimal places

### Capital Reserves:

\$0.15 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:**

1.14%

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 (1/12<sup>th</sup>) of an amount that will be determined by multiplying the base amount of \$9,971,440 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.

Management Office pays no reimbursements.

**Parking Revenue:**

The structure provides for a total of 65 parking spaces. Current market rates are \$250 per space per month. It is assumed parking is 100% variable based on occupancy, and the parking rate shall increase by ten percent (10%) on the fifth (5<sup>th</sup>) anniversary of the Commencement Date and on each fifth (5<sup>th</sup>) anniversary thereafter.

**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.

**Management Fee Expense:**

\$279,996.

Please note that the Management Fee the Year One budget is based upon a portfolio sale and will vary on a one-off sale basis, and requires CBRE Asset Services to manage the property.

**Refurbishment Allowances:**

Landlord shall be responsible to repaint interior premises every five (5) years and carpet every ten (10) years for the State of California.





## 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 | 910,887        | 99.84%        | Jul-2010   | Jun-2030 | Current      | \$2,968,630        | \$3.26        | \$35,623,555        | \$39.11        | See Abstract  | Tenant has six (6) 5-year options to renew at 10% increases over prior rent. |
|                          |                     |                |               |            |          | Jul-2015     | \$3,265,493        | \$3.59        | \$39,185,911        | \$43.02        |               |  |
|                          |                     |                |               |            |          | Jul-2020     | \$3,592,042        | \$3.94        | \$43,104,502        | \$47.32        |               |  |
|                          |                     |                |               |            |          | Jul-2025     | \$3,951,246        | \$4.34        | \$47,414,952        | \$52.06        |               |  |
| Mgt                      | Management Office   | 1,500          | 0.16%         | Jul-2010   | Jun-2030 | Current      | \$4,889            | \$3.26        | \$58,663            | \$39.11        | None          | -  |
|                          |                     |                |               |            |          | Jul-2015     | \$5,377            | \$3.59        | \$64,529            | \$43.02        |               |  |
|                          |                     |                |               |            |          | Jul-2020     | \$5,915            | \$3.94        | \$70,982            | \$47.32        |               |  |
|                          |                     |                |               |            |          | Jul-2025     | \$6,507            | \$4.34        | \$78,080            | \$52.06        |               |  |
| <b>Totals / Averages</b> |                     | <b>912,387</b> |               |            |          |              | <b>\$2,973,518</b> | <b>\$3.26</b> | <b>\$35,682,218</b> | <b>\$39.11</b> |               |  |
| Occupied sq. ft.         |                     | 912,387        | 100.0%        |            |          |              |                    |               |                     |                |               |  |
| Vacant sq. ft.           |                     | 0              | 0.0%          |            |          |              |                    |               |                     |                |               |  |
| <b>Total sq. ft.</b>     |                     | <b>912,387</b> | <b>100.0%</b> |            |          |              |                    |               |                     |                |               |  |

## 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 <sup>[1]</sup>   |                                    | 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       |                                    | \$15.17             | \$15.58             | \$16.00             | \$16.44             | \$16.89             | \$17.35             | \$17.82             | \$18.31             | \$18.81             | \$19.32             | \$19.85             |
| <b>Revenues</b>                             | FY 2011<br>\$/SF/YR <sup>[2]</sup> |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Scheduled Base Rent                         |                                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Gross Potential Rent                        | \$39.11                            | \$35,682,218        | \$35,682,218        | \$35,682,218        | \$35,682,218        | \$35,682,218        | \$39,250,440        | \$39,250,440        | \$39,250,440        | \$39,250,440        | \$39,250,440        | \$43,175,484        |
| 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                   |
| <b>Total Scheduled Base Rent</b>            | <b>39.11</b>                       | <b>35,682,218</b>   | <b>35,682,218</b>   | <b>35,682,218</b>   | <b>35,682,218</b>   | <b>35,682,218</b>   | <b>39,250,440</b>   | <b>39,250,440</b>   | <b>39,250,440</b>   | <b>39,250,440</b>   | <b>39,250,440</b>   | <b>43,175,484</b>   |
| Expense Reimbursements                      | 0.00                               | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| Parking Revenue                             | 0.21                               | 195,000             | 195,000             | 195,000             | 195,000             | 195,000             | 214,500             | 214,500             | 214,500             | 214,500             | 214,500             | 235,950             |
| State of CA Expense Increases               | 0.00                               | 0                   | 375,836             | 762,175             | 1,159,316           | 1,567,569           | 1,987,251           | 2,418,687           | 2,862,215           | 3,318,179           | 3,786,935           | 4,268,849           |
| <b>Total Gross Revenue</b>                  | <b>39.32</b>                       | <b>35,877,218</b>   | <b>36,253,054</b>   | <b>36,639,393</b>   | <b>37,036,534</b>   | <b>37,444,787</b>   | <b>41,452,191</b>   | <b>41,883,627</b>   | <b>42,327,155</b>   | <b>42,783,119</b>   | <b>43,251,875</b>   | <b>47,680,283</b>   |
| General Vacancy Loss                        | 0.00                               | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| <b>Effective Gross Revenue</b>              | <b>39.32</b>                       | <b>35,877,218</b>   | <b>36,253,054</b>   | <b>36,639,393</b>   | <b>37,036,534</b>   | <b>37,444,787</b>   | <b>41,452,191</b>   | <b>41,883,627</b>   | <b>42,327,155</b>   | <b>42,783,119</b>   | <b>43,251,875</b>   | <b>47,680,283</b>   |
| <b>Operating Expenses</b>                   |                                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Security                                    | (1.30)                             | (1,184,400)         | (1,219,932)         | (1,256,530)         | (1,294,226)         | (1,333,053)         | (1,373,044)         | (1,414,236)         | (1,456,663)         | (1,500,362)         | (1,545,373)         | (1,591,735)         |
| Cleaning                                    | (3.80)                             | (3,467,070)         | (3,571,082)         | (3,678,215)         | (3,788,561)         | (3,902,218)         | (4,019,284)         | (4,139,863)         | (4,264,059)         | (4,391,981)         | (4,523,740)         | (4,659,452)         |
| Repairs & Maintenance                       | (2.53)                             | (2,304,311)         | (2,373,440)         | (2,444,644)         | (2,517,983)         | (2,593,522)         | (2,671,328)         | (2,751,468)         | (2,834,012)         | (2,919,032)         | (3,006,603)         | (3,096,801)         |
| Utilities                                   | (0.20)                             | (182,400)           | (187,872)           | (193,508)           | (199,313)           | (205,293)           | (211,452)           | (217,795)           | (224,329)           | (231,059)           | (237,991)           | (245,130)           |
| Management Fee                              | (0.31)                             | (279,996)           | (288,396)           | (297,048)           | (305,959)           | (315,138)           | (324,592)           | (334,330)           | (344,360)           | (354,691)           | (365,331)           | (376,291)           |
| Onsite Office Expense                       | (0.22)                             | (205,063)           | (211,215)           | (217,551)           | (224,078)           | (230,800)           | (237,724)           | (244,856)           | (252,202)           | (259,768)           | (267,561)           | (275,588)           |
| Admin (Excl Mgt Fee)                        | (0.47)                             | (426,000)           | (438,780)           | (451,943)           | (465,502)           | (479,467)           | (493,851)           | (508,666)           | (523,926)           | (539,644)           | (555,833)           | (572,508)           |
| Lot & Landscaping                           | (0.28)                             | (256,800)           | (264,504)           | (272,439)           | (280,612)           | (289,031)           | (297,702)           | (306,633)           | (315,832)           | (325,307)           | (335,066)           | (345,118)           |
| Parking                                     | (0.13)                             | (121,200)           | (124,836)           | (128,581)           | (132,439)           | (136,412)           | (140,504)           | (144,719)           | (149,061)           | (153,533)           | (158,139)           | (162,883)           |
| Real Estate Taxes                           | (4.24)                             | (3,865,522)         | (3,942,832)         | (4,021,689)         | (4,102,123)         | (4,184,165)         | (4,267,849)         | (4,353,206)         | (4,440,270)         | (4,529,075)         | (4,619,657)         | (4,712,050)         |
| Insurance                                   | (1.69)                             | (1,544,200)         | (1,590,526)         | (1,638,242)         | (1,687,389)         | (1,738,011)         | (1,790,151)         | (1,843,856)         | (1,899,171)         | (1,956,146)         | (2,014,831)         | (2,075,276)         |
| <b>Total Operating Expenses</b>             | <b>(15.17)</b>                     | <b>(13,836,962)</b> | <b>(14,213,415)</b> | <b>(14,600,390)</b> | <b>(14,998,185)</b> | <b>(15,407,110)</b> | <b>(15,827,481)</b> | <b>(16,259,628)</b> | <b>(16,703,885)</b> | <b>(17,160,598)</b> | <b>(17,630,125)</b> | <b>(18,112,832)</b> |
| <b>Net Operating Income</b>                 | <b>24.16</b>                       | <b>22,040,256</b>   | <b>22,039,639</b>   | <b>22,039,003</b>   | <b>22,038,349</b>   | <b>22,037,677</b>   | <b>25,624,710</b>   | <b>25,623,999</b>   | <b>25,623,270</b>   | <b>25,622,521</b>   | <b>25,621,750</b>   | <b>29,567,451</b>   |
| <b>Capital Costs</b>                        |                                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| 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                            | (0.15)                             | (136,858)           | (140,964)           | (145,193)           | (149,548)           | (154,035)           | (158,656)           | (163,416)           | (168,318)           | (173,368)           | (178,569)           | (183,926)           |
| State of CA - Paint & Carpet <sup>[3]</sup> | 0.00                               | 0                   | 0                   | 0                   | 0                   | 0                   | (1,821,774)         | 0                   | 0                   | 0                   | 0                   | (3,643,548)         |
| <b>Total Capital Costs</b>                  | <b>(0.15)</b>                      | <b>(136,858)</b>    | <b>(140,964)</b>    | <b>(145,193)</b>    | <b>(149,548)</b>    | <b>(154,035)</b>    | <b>(1,980,430)</b>  | <b>(163,416)</b>    | <b>(168,318)</b>    | <b>(173,368)</b>    | <b>(178,569)</b>    | <b>(3,827,474)</b>  |
| <b>Operating Cash Flow</b>                  | <b>\$24.01</b>                     | <b>\$21,903,398</b> | <b>\$21,898,675</b> | <b>\$21,893,810</b> | <b>\$21,888,801</b> | <b>\$21,883,642</b> | <b>\$23,644,280</b> | <b>\$25,460,583</b> | <b>\$25,454,952</b> | <b>\$25,449,153</b> | <b>\$25,443,181</b> | <b>\$25,739,977</b> |

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

[2] Based on 912,387 square feet.

[3] State of California to have premises re-painted every 5 years (estimated to be \$2 PSF) and re-carpeted every 10 years (estimated to be \$2 PSF).





## SAN FRANCISCO CIVIC CENTER

350 McALLISTER STREET AND  
455 GOLDEN GATE AVENUE  
SAN FRANCISCO, CA 94102

### GOLDEN STATE PORTFOLIO OFFERING MEMORANDUM

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

## INVESTMENT CONTACTS

### Kevin Shannon

Vice Chairman  
310-516-2480

kevin.shannon@cbre.com  
Lic. 00836549

### Robert Gilley

Executive Vice President  
415-772-0187

bob.gilley@cbre.com  
Lic. 01084869

### Randy Getz

Executive Vice President  
916-446-8287

randy.getz@cbre.com  
Lic. 00828903

For debt financing  
information, contact:

### Ken White

Senior Vice President  
310-516-2408

ken.white@cbre.com  
Lic. 01788506

CB Richard Ellis, Inc.  
Broker Lic. 00409987

©2010 CB Richard Ellis, Inc. The information above has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the property. The value of this transaction to you depends on tax and other factors which should be evaluated by your tax, financial and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

This announcement does not constitute an offer to sell all or any part of the Golden State Portfolio in the United States or any other jurisdiction. Owner reserves the right to add or remove properties from the Portfolio and/or to remove the Portfolio in its entirety from the market at any time, in its sole discretion.

**CBRE**  
CB RICHARD ELLIS