



DEPARTMENT OF JUSTICE BUILDING

4949 BROADWAY
SACRAMENTO, CA 95820

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
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 Sacramento Area Overview

04 Market Analysis

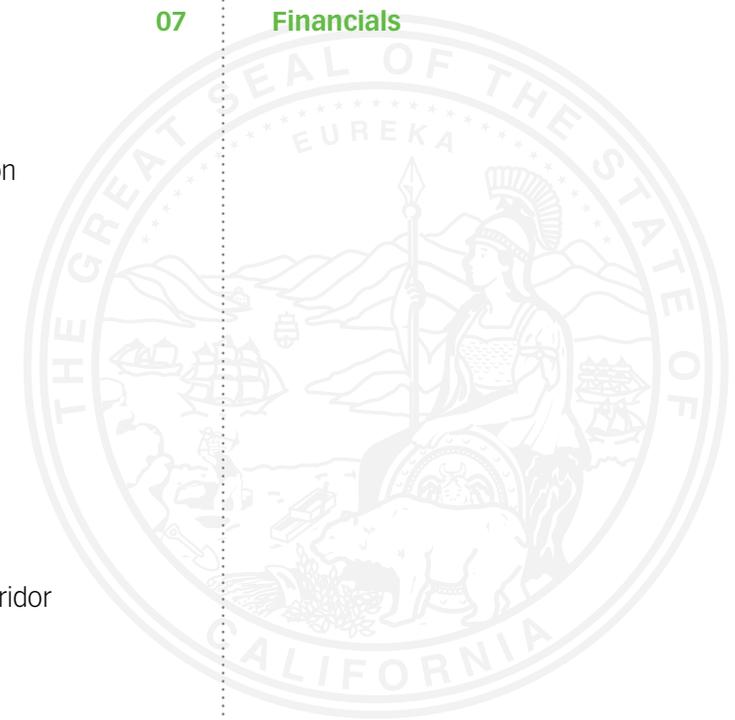
Stockton Boulevard Medical Corridor

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



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 Department of Justice Building located at 4949 Broadway, Sacramento, California (the "Property"). The Property consists of a two-story office structure containing 381,718 rentable square feet. The building sits on a site measuring 23.85 acres which includes a paved asphalt parking lot with accommodations for 1,067 vehicles, a ratio of 2.80 per 1,000 rentable square feet.

The property is 100% leased, of which 99.6% 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-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 is a rare opportunity to acquire a high-quality Class A office property, leased on a long-term basis to a credit tenant, in a built-out submarket with high barriers to entry.

Offering Summary

Property Name:	Department of Justice Building
Address:	4949 Broadway Sacramento, CA 95820
Rentable Square Footage:	± 381,718
Number of Buildings:	One
Year Built:	1982
Number of Stories:	Two
Parking:	± 1,067 stalls (2.80 per 1,000 rsf)
LEED Certification:	Registered
State of California Lease Term:	20 years firm



Investment Highlights

- **Long Term Credit Tenancy**

The Property is 100% leased, of which 99.6% 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 & Poor's. The lease will commence at the close of escrow.

- **Strategic Location**

The Property is situated southeast of downtown Sacramento approximately one-half mile south of U.S. Highway 50. It is surrounded by a concentration of medical offices and facilities that include U.C. Davis Medical Center and the Shriners Hospital for Children. Many of the office buildings in the area are leased to one of these two hospitals for administrative uses. Regional Transit buses provide public transportation on Broadway.

- **On-Site Parking and Amenities**

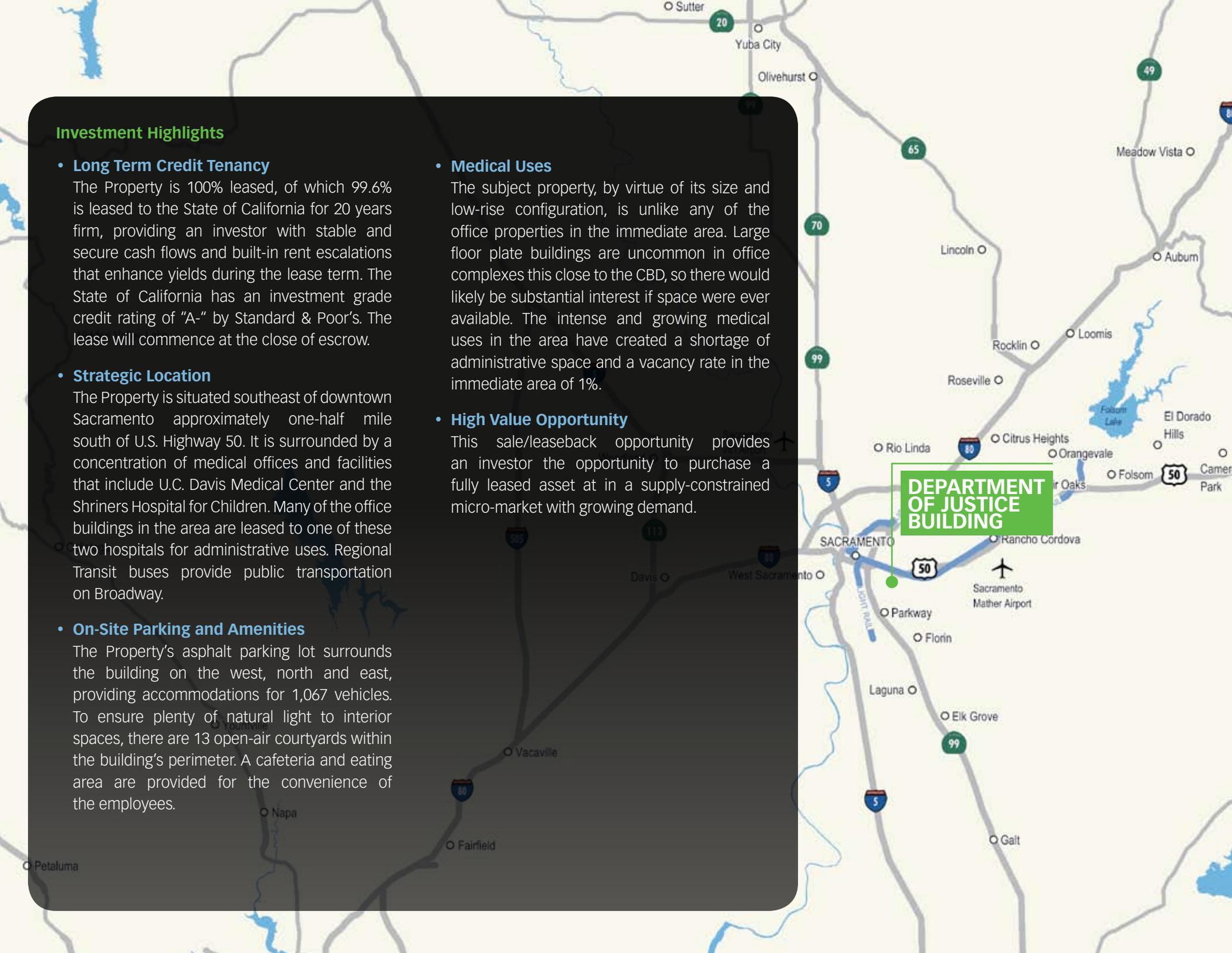
The Property's asphalt parking lot surrounds the building on the west, north and east, providing accommodations for 1,067 vehicles. To ensure plenty of natural light to interior spaces, there are 13 open-air courtyards within the building's perimeter. A cafeteria and eating area are provided for the convenience of the employees.

- **Medical Uses**

The subject property, by virtue of its size and low-rise configuration, is unlike any of the office properties in the immediate area. Large floor plate buildings are uncommon in office complexes this close to the CBD, so there would likely be substantial interest if space were ever available. The intense and growing medical uses in the area have created a shortage of administrative space and a vacancy rate in the immediate area of 1%.

- **High Value Opportunity**

This sale/leaseback opportunity provides an investor the opportunity to purchase a fully leased asset at in a supply-constrained micro-market with growing demand.



DEPARTMENT OF JUSTICE BUILDING

Property Overview

The Department of Justice building consists of a sprawling two-story concrete office structure containing 381,718 rentable square feet. The building sits on a site measuring 23.85 acres, and includes surface parking for 1,067 vehicles.

The property is used by the California Department of Justice for a variety of law enforcement agencies. Access is tightly controlled by card reader systems and by enclosed, manned guard stations at the main public entrance, the employee entrance, and loading dock areas.

This facility houses the primary data center, and serves as a clearinghouse for many California law enforcement agencies. It also houses California's primary crime lab where sophisticated, state-of-the-art procedures such as DNA testing are carried out. The ballistics facility and firing range are located in a subterranean area of the building.

Location Overview

The Property sits just east of Sacramento's CBD and the dining and entertainment submarket that is Midtown and immediately west of the western terminus of the Highway 50 Corridor. Public transportation and freeways are nearby, but the true value of the location is attributable to the concentration and growth of medical uses flowing from the proximate U.C. Davis Medical Center. In 1997 a new Shriners Hospital for Children opened adjacent to U.C. Davis Medical Center, further expanding the range and scope of medical services and employees in the immediate area. With no undeveloped land available for development of new administrative support space, vacancy in the area is virtually nil. Although the nature and use of the subject property make it highly unlikely the State would ever have excess space available for lease, it is likely that any such space would quickly be absorbed by one of these medical facilities.



The Opportunity

The Department of Justice Building offers investors the rare opportunity to acquire an institutional quality asset that is leased for 20 years to an investment grade credit tenant – the State of California. In addition to the firm-term lease, the specialized nature of the Department’s uses, and the cost and logistics challenges associated with moving, make it probable that the State will exercise its options to extend in order to stay in the facility indefinitely.



LEED Certified

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

Befitting California’s legacy as the nation’s leader in “green” legislation and technology, 92% of the Golden State Portfolio is LEED certified (including two pending buildings). The benefits of LEED are many and have the potential to provide superior investment performance.

Studies have shown that LEED projects:

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



Marketing Process/Key Dates

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

PROPERTY SUMMARY

Property:

4949 Broadway
Sacramento, California 95820

LEED® Certification:

Registered

Year Built:

1982

Number of Structures:

One, two-story office building

Parcel Numbers:

011-0200-041-0000

Site Area:

±23.85 acres

Net Rentable Area:

381,718 square feet

Zoning:

OB-R (office building)

Floors:

Two

Site Location:

The Property is located at 4949 Broadway in Sacramento, California. Adjacent properties consist of a combination of similar low-rise office and warehouse type buildings.

Interior drive aisles are generally continuous and provide access to parking areas. Access is controlled with asphalt speed bumps and stop signs. A parking area located at the northwest corner of the building is secured by an electronically-controlled rolling metal gate.

Signage:

Building signage consists of cast-concrete monument sign at the main pedestrian entrance at the south building elevation.

Elevators:

Four Westinghouse hydraulic elevators serve the building. Most elevators open directly into the corridors. Elevator car finishes generally consist of metal diamond-plate or carpet tile flooring, plastic laminate sides and back, stainless-steel-appearing ceiling panels with incandescent lighting, and brushed stainless steel returns and door.

Elev. No.	Type	Capacity	Floors Served
E, B, D, H	Passenger	3,500 lbs 23 persons	1 and 2

Parking:

On-site asphalt paved surface parking generally wraps around three sides of the building. Typically, drive lanes are two-way and parking spaces are perpendicular to the drive lanes. Limited parallel parking is provided along the main drive aisle off 50th Street. The parking spaces are well distributed throughout the property with direct access to the building entries.

Facility equipment is parked or stored in a gravel-covered lot at the extreme southeast corner of the property, adjacent to the service storage area and receiving docks.

There are a total of 1,067 on-site parking spaces at the property. There are also four motorcycle stalls (not included in the total parking count). Enclosed security storage for 10 bicycles is also provided.

The parking ratio for this building is ± 2.80 spaces per 1,000 rentable square feet.

Paving, Curbs and Sidewalks:

Paving: The entry drive and surface parking areas are generally asphaltic concrete pavement of an unknown thickness. A small parking area located at the extreme southeast corner, used for facility parking and storage, is gravel covered.

Curbs: The sidewalk curbs are concrete and integral with the street gutter. On-site perimeter edges of pavement and landscape have cast concrete curbs.

Sidewalks: Public sidewalks along Broadway, 49th Street, and 50th Street are broom finish concrete. On-site walkways are also broom finish concrete.



Site Lighting:

Exterior surface parking lighting consists primarily of pole-mounted shoebox style and building-mounted type fixtures. There are pre-cast concrete bollard-type lights at the walkway leading to the main entrance.

Exit lights are generator-backed illuminated fixtures located at exits and indicate the path of egress. Emergency lighting is provided by generator-backed fixtures. Exterior wall-mounted fixtures in the truck dock have CFL lamps.

Structure:

Vertical Load System: The elevated floors and roof typically consist of normal weight monolithically cast reinforced concrete waffle slab with a supplemental topping slab supported by 16" diameter spirally reinforced circular concrete columns with drop panels and reinforced concrete beams. Some portions of the roof consist of light-gage steel corrugated deck with insulating concrete fill. The deck spans to steel wide-flange beams and girders that are supported on steel wide-flange columns. The columns deliver the vertical loads to the foundations.

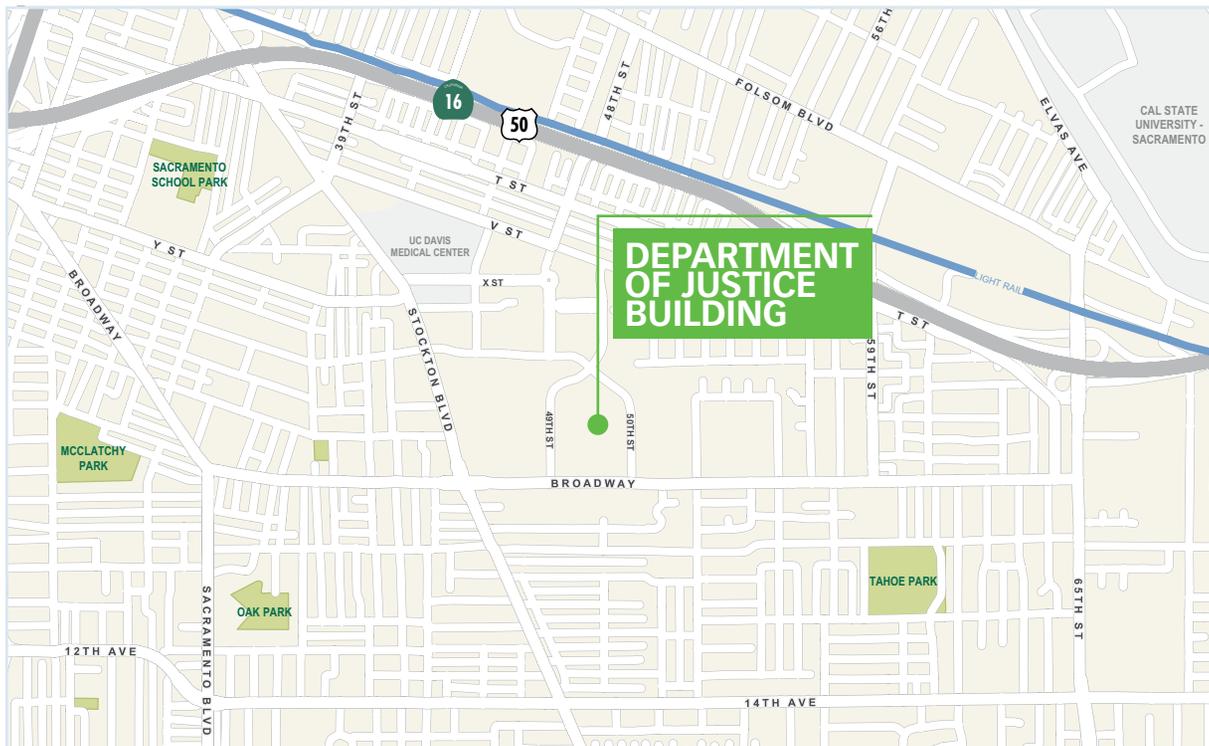
Lateral Load System: The lateral force-resisting system consists of the elevated concrete deck rigid horizontal diaphragms that deliver the lateral loads to interior and exterior distributed reinforced concrete shear walls. Metal deck with concrete fill diaphragms and steel double-angle concentric braced frames support the penthouses.

Roof:

The main roof system is a Carlisle single-ply 0.60 mil EPDM (ethylene propylene diene monomer) membrane with heat welded seams. The system is \pm 10 years old and is installed over rigid insulation on a concrete deck. The maintenance building at the southeast corner of the site has a prefinished raised rib metal roof system. Most penetrations and parapets are flashed with the same EPDM membrane.

Skylights:

Rectangular pyramidal skylights with obscure glazing are installed at select locations.



Exterior Finishes and Components:

Exterior walls consist of either metal framing with a painted stucco finish or concrete. Per the available drawings, the stucco is applied over metal lath, building paper, sheathing and batt insulated metal stud framing. Flexible sealant filled control and expansion joints are installed throughout. Flexible sealants are also installed at inside wall corners, and around the perimeter of most openings.



Exterior horizontal windows have factory finished aluminum storefront frames and with either tinted or mirrored insulated dual-pane glazing. Most of the window frames have been repainted since the original construction. Main entries are fitted with aluminum framed storefront systems and automatic bi-parting doors. Secondary entries have mirror glazed curtain wall assemblies.

At the lower level of the main courtyard, planting, lawn and sitting areas are terraced. Concrete stair and ramps provide access between the different levels. Metal tube handrails are installed along the ramps and stairs.

The two-story lobby area finishes include polished concrete floors and painted concrete or gypsum wall board. There is a glass enclosed security office with aluminum-framed secured doors on either side of the enclosure. The two-story corridors have second floor walkways which are open to below and many have raised clearstories and glazing above. Floors are typically polished concrete, walls are painted gypsum board, or concrete with a clay tile base and ceilings are a combination of painted gypsum board or a suspended acoustical ceiling with a decorative plank appearance.

Exterior Doors and Frames:

Main and secondary entry doors consist of prefinished finish aluminum frames with tinted, dual-pane, tempered glazing. Several of the exit doors are painted steel with round vision panels. Service doors are typically hollow metal doors with

a painted finish. The loading dock has an overhead coiling door with an automatic opener. As with the window frames, many of the prefinished doors and frames have been repainted.

Office Area:

Offices have floor-to-floor carpeting, painted gypsum board walls, rubber base, painted wood or metal doors in painted metal frames, lay-in acoustical tile ceiling set in a metal grid suspension system and recessed fluorescent light fixtures with acrylic lenses. Vinyl composition tile is installed at break and supply areas.

Multiple occupancy men's and women's restrooms are provided on each floor. Restrooms generally include ceramic tile floors and walls, painted gypsum board ceiling, plastic laminate countertops, and wall hung metal toilet partitions.

The employee cafeteria on the second floor has a fluid applied floor finish, suspended ceilings, and painted gypsum board or concrete walls.

Interior Lighting:

Office area lighting is generally 1' x 4' recessed fluorescent fixtures with T-8 lamps and electronic ballasts. In the newly renovated space in area B114 light fixtures have fluorescent T-5 lamps.

Interior Doors:

Interior restroom and service doors are typically wood with a paint finish in aluminum or painted metal frames with lever type hardware.

Loading Docks:

A receiving and shipping dock area is located at the southeast corner of the building with four dock-high dock levelers. There is a concrete drive apron at the dock area. One overhead coiling roll-up metal door serves the dock.



HVAC/Heating System:

Cooling is provided generally by three water-cooled chillers. There is a 100,000-gallon underground chilled water storage tank located south of the building used for thermal storage. Heat from the chillers is rejected by three BAC cooling towers installed in 1982 and one stand-by Evapco cooling tower installed in 2005, each with VFD fan control. There are five chilled water pumps controlled by VFDs and six condenser water pumps. Total cooling capacity of 1,080 tons represents 309 square feet per ton based on 333,699 square feet.

Hot water for heating that is circulated to heating coils in air handling units and in VAV boxes is produced by two 3,000-mbh input capacity Bryant gas-fired atmospheric boilers. Generally, the various areas have variable air volume air distribution systems with Atlas custom-built air handling units and return air fans located in roof penthouses. The warehouse and Area K are served by two rooftop curb-mounted air handling units. The data center is served by eight \pm 20-ton Liebert computer room air conditioning units with roof-mounted condensers.

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

The firing range has a separate supply fan and exhaust fan with filter.

Energy Management System:

Automatic temperature controls are provided by a combination of pneumatic and a Johnson Controls direct digital controls (DDC). Pneumatic air is used for thermostats and for damper and valve actuators, and the control logic is performed by the DDC system. The front end computer is located in the engineer's office and is Windows-based. New construction in area B114 has a complete DDC system.



Plumbing System:

Water Service: A domestic water service with meter and backflow preventer serves the building. A duplex booster pumping system, controlled by a variable frequency drive, pressurizes the domestic water system. Irrigation water is supplied by an on-site water well.

Water Heaters: Domestic hot water for the cafeteria is produced by an A. O. Smith 36-kW electric heater and by solar panels and is stored in a PVI 1,500-gallon tank. Domestic hot water is produced for the restrooms by a total of approximately 19 electric water heaters distributed throughout the building.

Plumbing Waste & Vent Lines: Sanitary waste and vent piping is cast iron and galvanized steel.

Fixtures: Flush valve vitreous China toilets and urinals are typically utilized throughout the building with urinals being wall mounted and toilets floor mounted. Rim mounted china sinks are set with a metal ring into plastic laminate countertops and include chrome plated faucets with lever hardware.

Natural Gas: The building has a natural gas service.

Electrical System:

Description of Service: The building has two 277/480-volt, 3-phase, 4-wire feeds from the local utility; both serve 4,000-amp main switchboards which results in a capacity of 15.9 watts per square foot, based on 333,699 square feet. There is one 3,000-amp tie-breaker between the two switchboards.

Electrical Distribution: Power from the main switchboards is distributed to electrical rooms throughout the building where step down transformers produce 120/208-volt power for tenant use.

Emergency Power: There are four Caterpillar diesel-driven emergency generators (one 520-kW generator is functional but not used); a 450-kW generator is for the data center air conditioning units, a 1,500-kW generator backs the data center, and a 420-kW generator is for the building fire and life safety systems. Diesel fuel is stored in a 10,000-gallon underground storage tank. Generators are tested monthly by simulation of a utility power outage.



Fire/Life Safety System:

The building appears to be of a Type II, 1-hour rated structure that is currently occupied by a single tenant.

The building is sprinklered with a light hazard type wet system. Exit corridors are typically two stories tall with either concrete or fire rated gypsum board walls. Doors and frames are generally hollow metal.

The building has an automatic fire sprinkler system and fire hose system with an outside fire department connection and post indicator valve. Sprinkler heads are located generally only inside the office areas along the corridor wall windows and on both sides of area separation doors. The sprinkler system is pressurized by a Peerless 750-gpm, 30-hp electric fire pump.

A Johnson Controls Metasys Intelligent Fire Detection and Alarm System fire alarm panel monitors flow and tamper switches in the sprinkler system and manual pull stations. The fire alarm system is monitored offsite by the owner. Testing of the fire alarm system is performed quarterly.

Handheld fire extinguishers are located throughout the building, generally in corridors. Fire hydrants are located at the public right-of-way along the surrounding streets.

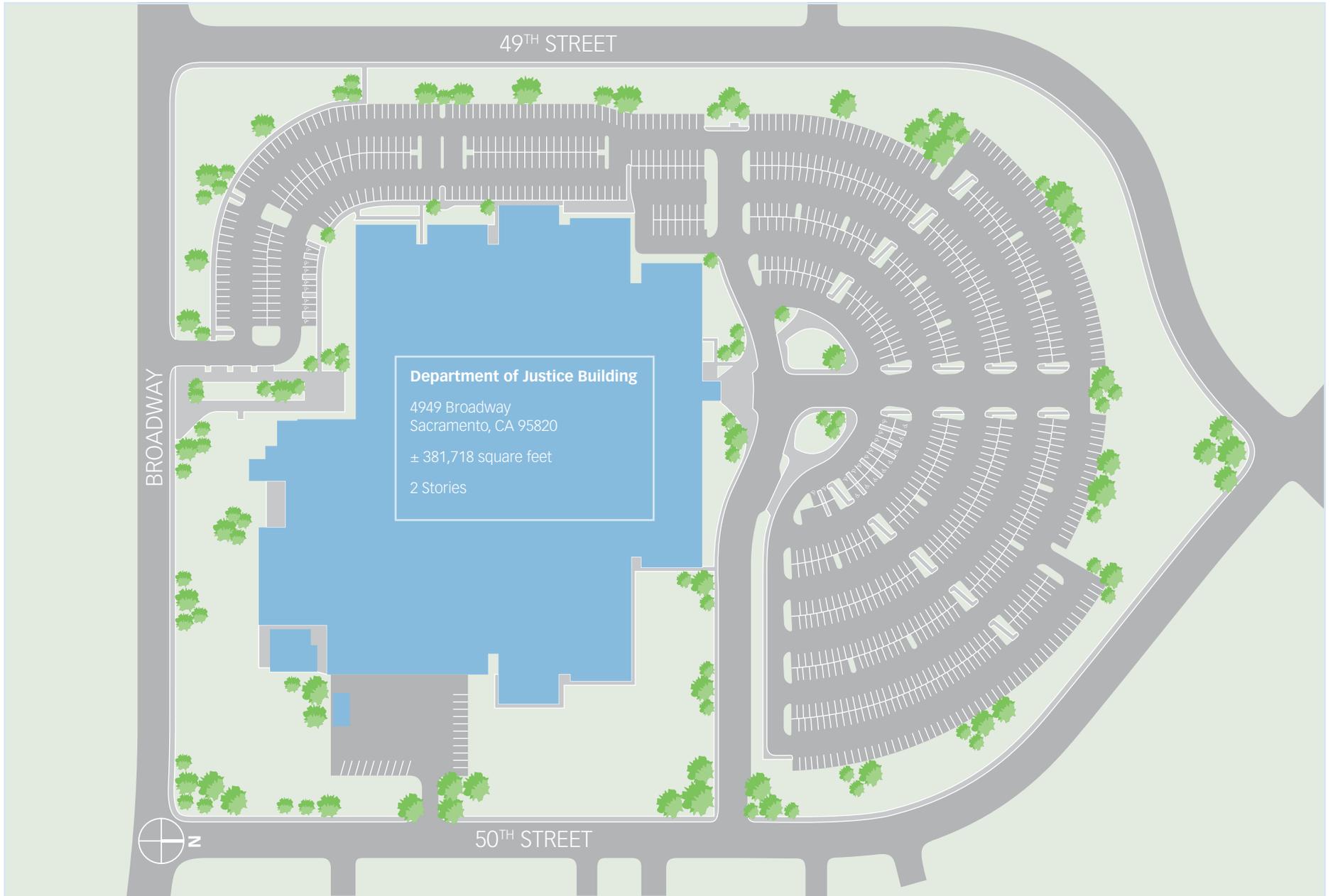
Utilities:

- | | |
|------------------------|--|
| Water: | City of Sacramento
Department of Utilities |
| Sanitary/Sewer: | City of Sacramento
Department of Utilities |
| Electric: | Sacramento Metropolitan
Utility District (SMUD) |
| Gas: | PG&E |
| Telephone: | AT&T |





Site Plan



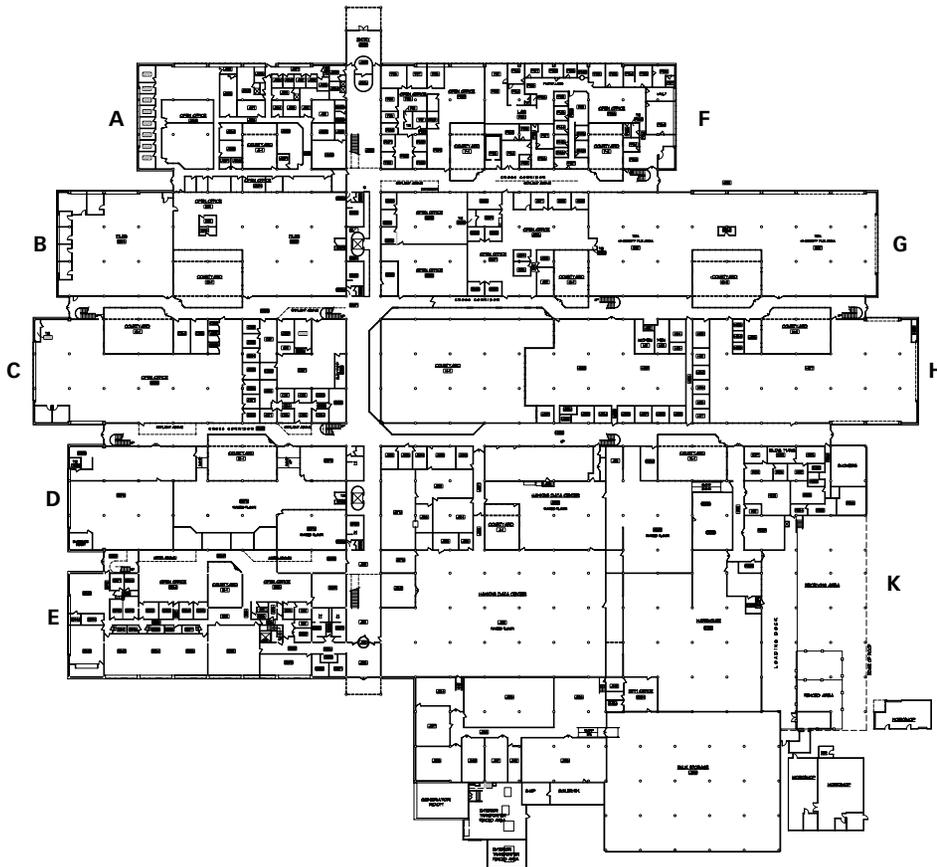


Representative Floor Plans

Department of Justice Building

4949 Broadway
Sacramento, CA 95820

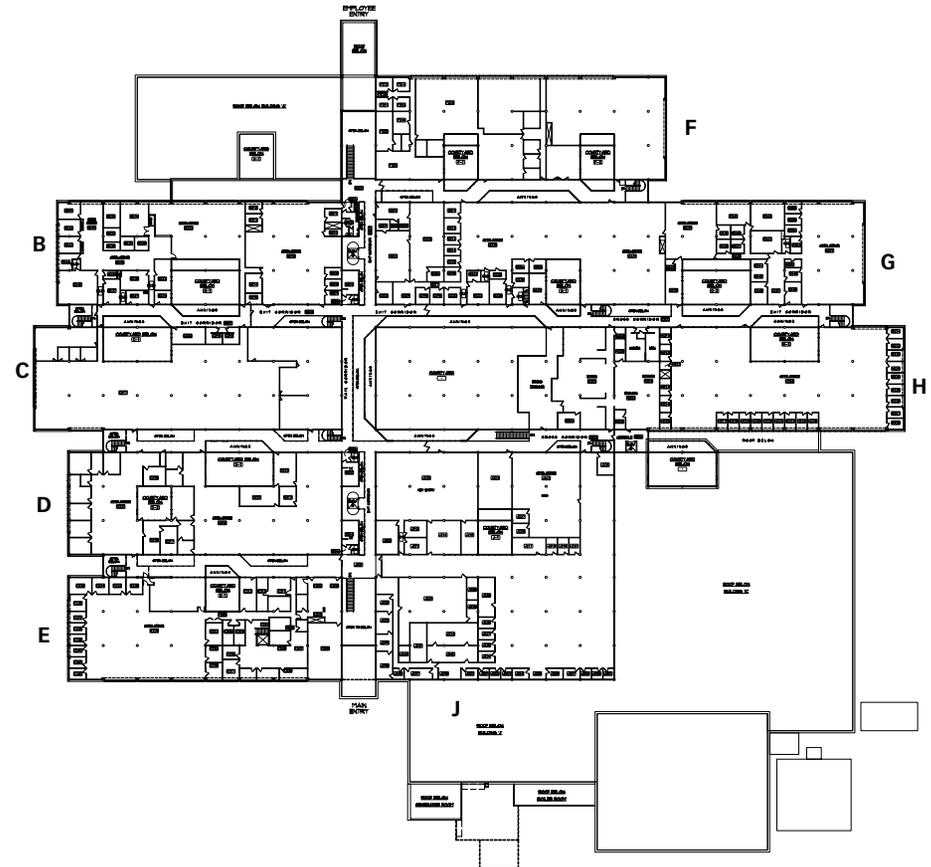
Floor 1



Department of Justice Building

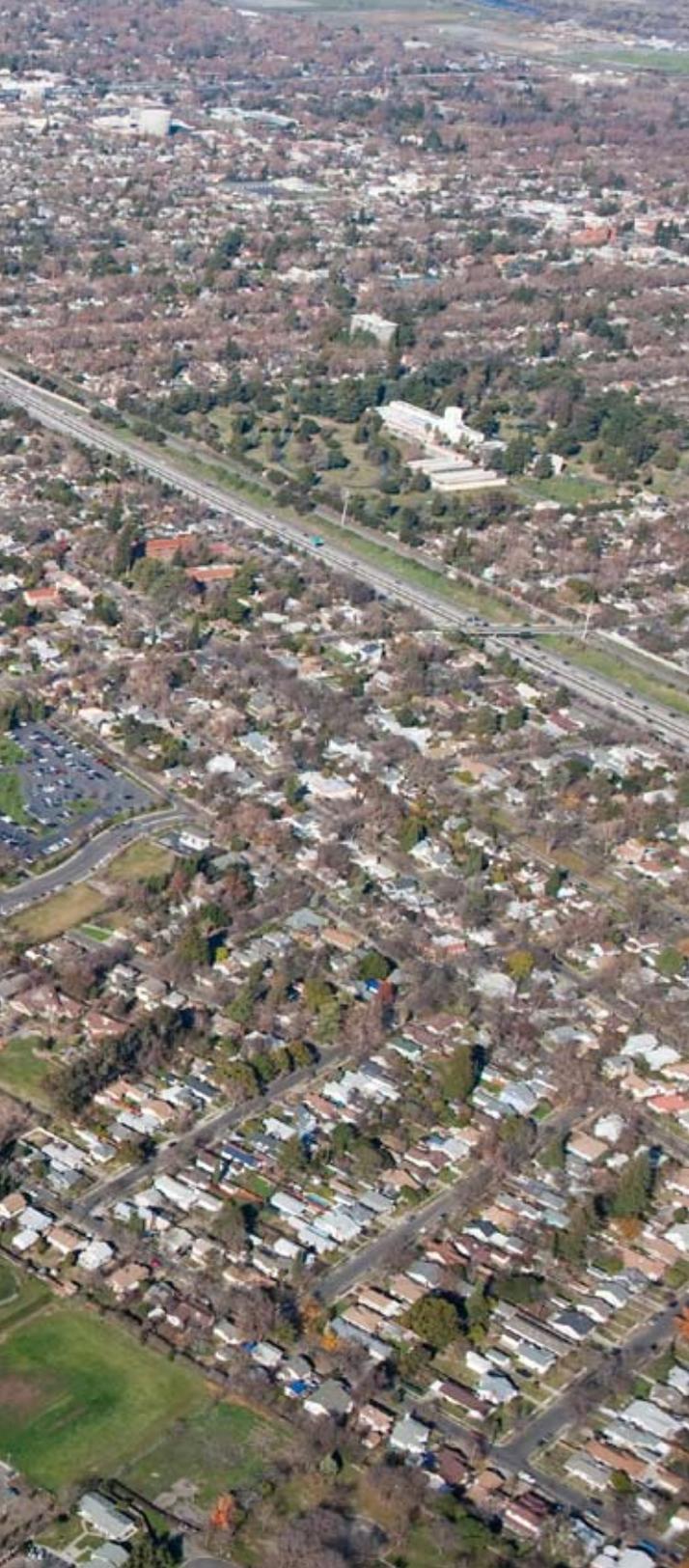
4949 Broadway
Sacramento, CA 95820

Floor 2





**DEPARTMENT
OF JUSTICE
BUILDING**



SACRAMENTO REGIONAL OVERVIEW

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

Sacramento’s Economy: Population and Employment

Population

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

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

U.S. Census data

Employment

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

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

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

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

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

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

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

Some of these fundamental strengths include:

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

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



Historic Captain
Spirit of
Sacramento

Living in Sacramento

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

Transportation

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

Highways

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

Airports

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

Rail Service

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

Public Transit

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



Sacramento Real Estate Market

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

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

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

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

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

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

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

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



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





MARKET ANALYSIS

Department of Justice Building

The Department of Justice building was completed in 1982 and consists of a sprawling two-story concrete office structure containing 381,718 rentable square feet. The building sits on a site measuring 23.85 acres, and includes surface parking for 1,067 vehicles, a ratio of 2.80 spaces per 1,000 rentable square feet.

The State of California will have an initial annual leaseback rent of \$24.00/sf modified gross (\$2.00/sf monthly) for the property for twenty years. We believe this figure is well below rents for buildings within the submarket, especially when one takes into account the 20 year primary term of the Tenant's lease, the creditworthiness of its prospective income stream, and the mission-critical nature of the complex. The scale of the project, its infill location and campus-like site plan would be virtually impossible to replace, while market rents, let alone rents which are clearly below market, would not support the costs of new construction even if one were to contemplate a replication of the subject.

The property is used by the California Department of Justice for a variety of law enforcement agencies, and as such, is subject to a high level of security. Access is tightly controlled by card reader systems and by enclosed, manned guard stations at the main public entrance, the employee entrance, and loading dock areas.

The design of the building includes 13 open atria that feed natural light to the interior spaces of the vast complex. At the southeast corner of the

property is an enclosed loading and storage yard which includes one at-grade and four dock-high loading docks with load levelers.

This facility houses the primary data center, and serves as a clearinghouse for many California law enforcement agencies. It also houses California's primary crime lab where sophisticated, state-of-the-art procedures such as DNA testing are carried out. The ballistics facility and firing range are located in a subterranean area of the building. All of these areas were described to us by the facilities manager, but we were not allowed to view them.

There are four diesel-powered emergency generators available to provide backup power to the data center, the data center's cooling system, and the building's life/safety systems. Fuel is stored in a 10,000 gallon underground storage tank.

Stockton Boulevard Medical Corridor

The Department of Justice Building at 4949 Broadway, while technically within the East Sacramento office submarket, is not analogous to those properties and would not compete with them in the open market. By virtue of its location immediately southeast of both U.C. Davis Medical Center and Shriners' Children's Hospital, the subject falls within a distinctive cluster of medical properties which we call the Stockton Boulevard Medical Corridor.

Within a boundary extending roughly from Highway 50 on the north to 8th Avenue on the south, Tahoe Park on the east and Stockton Boulevard on the west, there are 23 office properties totaling roughly 900,000 square feet. Except for the subject property, the DMV building, and some other government uses, virtually all the other office buildings in this area are medical-related, and many are leased to U.C. Davis for various administrative functions.

The concentration of medical uses created by the location of these two major medical facilities adjacent to one another has resulted in a shortage of administrative space and an overall vacancy rate of 1%. In the event that the Department of Justice Building were ever to offer space, it is a virtual certainty that there would be strong interest from some or all of the medical users that already have a presence in the area.

Market rents are difficult to pin down as there is virtually no space being marketed. One building with which we are familiar houses the human resources personnel for one of the medical institutions, which is paying rent of \$26.16 plus utilities and janitorial. They are also responsible for property taxes, but have an exemption due to their non-profit status.

With virtually no land nearby for new construction, this micro market is supply constrained. Given its location, the size of the improvements, and the amount of land within its campus, 4949 Broadway is probably one of the region's most desirable pieces of infill real estate.







Big Sur

STATE OF CALIFORNIA OVERVIEW

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

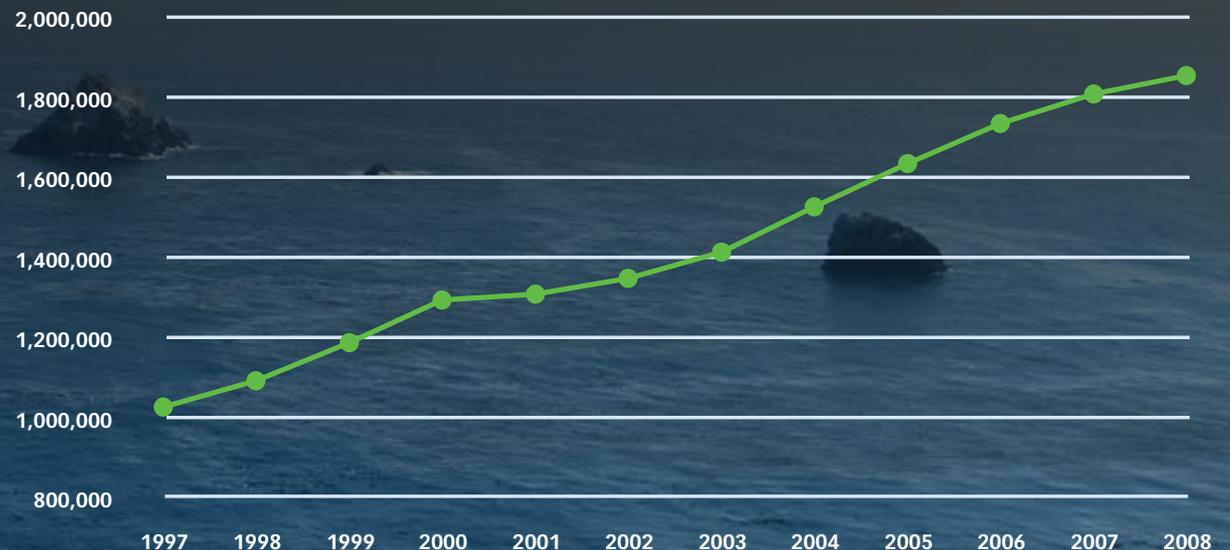
part due to its temperate climate, excellent quality of life, diverse population, world-renowned cities and its position as the gateway to the Pacific Rim. Additionally, California prides itself on striving to be the "greenest" and most eco-friendly states in the country. California's desirable quality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

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

Economy

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

GDP of California from 1997-2008

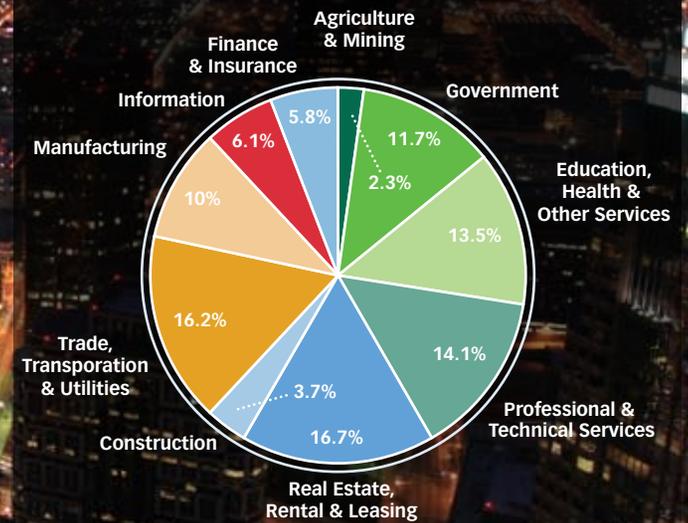




Downtown Los Angeles

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

GDP of California 2008



Tourism & Entertainment

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

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

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





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: Department of Justice Building
4949 Broadway
Sacramento, CA

Net Rentable Area: 380,218 square feet

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

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

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

Years	SF	\$/Month	\$/SF/Month*	\$/Year	\$/SF/Year*
Years 1 to 5	380,218	\$760,436	\$2.00	\$9,125,232	\$24.00
Years 6 to 10	380,218	\$836,480	\$2.20	\$10,037,755	\$26.40
Years 11 to 15	380,218	\$920,128	\$2.42	\$11,041,531	\$29.04
Years 15 to 20	380,218	\$1,012,140	\$2.66	\$12,145,684	\$31.94

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

*Rounded to two decimal places

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

Parking: One thousand sixty seven (1,067) parking spaces. State shall have the exclusive right to use all parking at no charge.

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 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 tenantable condition during the entire Lease Term. Such maintenance and repairs and replacements shall include but not be limited to: ongoing maintenance of designated special equipment, annual testing and maintenance of all fire extinguishers, replacing inoperative lighting, repairing floor covering as necessary and replacing all building system components (including roof) as and when required.

CPI Escalator Operating Expense:

On the first anniversary date of the Lease, and each twelve (12) months thereafter, the monthly Rent will automatically increase or decrease by one-twelfth ($1/12^{\text{th}}$) of an amount that will be determined by multiplying the base amount of \$3,386,753 by the percentage that the applicable CPI index for the preceding 12 months increased over or decreased under the same index, for the month of June, 2010, which shall be the base period.

Property Tax Expense Escalator:

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

Painting and Carpet:

Lessor agrees at Lessor's sole cost and expense to repaint all interior painted surfaces upon or after the sixtieth (60^{th}) 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^{th}) 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 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
State of California	\$24.00	Modified Gross	380,218	99.61%
Property Management Office	\$24.00	Modified Gross	1,500	0.39%

Market Rent Growth:

3% - Fiscal Year Ending June Inflation

Expense Recoveries:

Modified Gross – Electricity and Gas are paid directly by the State of California. The State of California will also be responsible for the building security.

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	\$9,125,232	\$24.00
July 2015	\$10,037,755	\$26.40
July 2020	\$11,041,531	\$29.04
July 2025	\$12,145,684	\$31.94

*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:

1.1035%

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

Revenues

Expense Reimbursement Revenue:

State of California shall pay increases for operating expenses and property taxes annually. On the first anniversary date of the Lease, and each twelve (12) months thereafter, the monthly Rent will automatically increase or decrease by one-twelfth (1/12th) of an amount that will be determined by multiplying the base amount of \$3,386,753 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 1,067 parking spaces. Parking is free.

Expenses

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

Insurance Calculation:

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

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

Umbrella = 60% of the Liability premium

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

Management Fee Expense:

\$84,000.

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	380,218	99.61%	Jul-2010	Jun-2030	Current	\$760,436	\$2.00	\$9,125,232	\$24.00	See Abstract	Tenant has six (6) 5-year options to renew at 10% increases over prior rent.
						Jul-2015	\$836,480	\$2.20	\$10,037,755	\$26.40		
						Jul-2020	\$920,128	\$2.42	\$11,041,531	\$29.04		
						Jul-2025	\$1,012,140	\$2.66	\$12,145,684	\$31.94		
Mgt	Management Office	1,500	0.39%	Jul-2010	Jun-2030	Current	\$3,000	\$2.00	\$36,000	\$24.00	None	-
						Jul-2015	\$3,300	\$2.20	\$39,600	\$26.40		
						Jul-2020	\$3,630	\$2.42	\$43,560	\$29.04		
						Jul-2025	\$3,993	\$2.66	\$47,916	\$31.94		
Totals / Averages		381,718					\$763,436	\$2.00	\$9,161,232	\$24.00		
Occupied sq. ft.		381,718	100.0%									
Vacant sq. ft.		0	0.0%									
Total sq. ft.		381,718	100.0%									

Cash Flow Projections

Fiscal Year Ending - June 30

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Physical Occupancy		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Overall Economic Occupancy ^[1]		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Total Operating Expenses PSF Per Year		\$11.07	\$11.38	\$11.70	\$12.02	\$12.36	\$12.71	\$13.07	\$13.43	\$13.81	\$14.20	\$14.60
Revenues	FY 2011 \$/SF/YR ^[2]											
Scheduled Base Rent												
Gross Potential Rent	\$24.00	\$9,161,232	\$9,161,232	\$9,161,232	\$9,161,232	\$9,161,232	\$10,077,355	\$10,077,355	\$10,077,355	\$10,077,355	\$10,077,355	\$11,085,091
Absorption & Turnover Vacancy	0.00	0	0	0	0	0	0	0	0	0	0	0
Base Rent Abatements	0.00	0	0	0	0	0	0	0	0	0	0	0
Total Scheduled Base Rent	\$24.00	9,161,232	9,161,232	9,161,232	9,161,232	9,161,232	10,077,355	10,077,355	10,077,355	10,077,355	10,077,355	11,085,091
Expense Reimbursements	0.00	0	0	0	0	0	0	0	0	0	0	0
Parking Revenue	0.00	0	0	0	0	0	0	0	0	0	0	0
State of CA Expense Increases	0.00	0	117,899	239,167	363,904	492,208	624,186	759,941	899,585	1,043,230	1,190,993	1,342,993
Total Gross Revenue	\$24.00	9,161,232	9,279,131	9,400,399	9,525,136	9,653,440	10,701,541	10,837,296	10,976,940	11,120,585	11,268,348	12,428,084
General Vacancy Loss	0.00	0	0	0	0	0	0	0	0	0	0	0
Effective Gross Revenue	\$24.00	9,161,232	9,279,131	9,400,399	9,525,136	9,653,440	10,701,541	10,837,296	10,976,940	11,120,585	11,268,348	12,428,084
Operating Expenses												
Security	(0.12)	(44,334)	(45,664)	(47,034)	(48,445)	(49,898)	(51,395)	(52,937)	(54,525)	(56,161)	(57,846)	(59,581)
Cleaning	(2.71)	(1,035,604)	(1,066,672)	(1,098,672)	(1,131,632)	(1,165,581)	(1,200,549)	(1,236,565)	(1,273,662)	(1,311,872)	(1,351,228)	(1,391,765)
Repairs & Maintenance	(3.59)	(1,370,096)	(1,411,199)	(1,453,535)	(1,497,141)	(1,542,055)	(1,588,317)	(1,635,966)	(1,685,045)	(1,735,597)	(1,787,665)	(1,841,294)
Utilities	(0.15)	(57,816)	(59,550)	(61,337)	(63,177)	(65,072)	(67,025)	(69,035)	(71,106)	(73,240)	(75,437)	(77,700)
Management Fee	(0.22)	(84,000)	(86,520)	(89,116)	(91,789)	(94,543)	(97,379)	(100,300)	(103,309)	(106,409)	(109,601)	(112,889)
Onsite Office Expense	(0.14)	(55,000)	(56,650)	(58,349)	(60,100)	(61,903)	(63,760)	(65,673)	(67,643)	(69,672)	(71,763)	(73,915)
Admin (Excl Mgt Fee)	(0.46)	(177,276)	(182,594)	(188,072)	(193,714)	(199,526)	(205,511)	(211,677)	(218,027)	(224,568)	(231,305)	(238,244)
Lot & Landscaping	(0.20)	(75,972)	(78,251)	(80,599)	(83,017)	(85,507)	(88,072)	(90,715)	(93,436)	(96,239)	(99,126)	(102,100)
Parking	(0.01)	(5,400)	(5,562)	(5,729)	(5,901)	(6,078)	(6,260)	(6,448)	(6,641)	(6,841)	(7,046)	(7,257)
Real Estate Taxes	(2.20)	(838,053)	(854,814)	(871,910)	(889,349)	(907,136)	(925,278)	(943,784)	(962,659)	(981,913)	(1,001,551)	(1,021,582)
Insurance	(1.26)	(481,255)	(495,693)	(510,563)	(525,880)	(541,657)	(557,906)	(574,644)	(591,883)	(609,639)	(627,929)	(646,766)
Total Operating Expenses	(11.07)	(4,224,806)	(4,343,169)	(4,464,916)	(4,590,145)	(4,718,956)	(4,851,452)	(4,987,744)	(5,127,936)	(5,272,151)	(5,420,497)	(5,573,093)
Net Operating Income	12.93	4,936,426	4,935,962	4,935,483	4,934,991	4,934,484	5,850,089	5,849,552	5,849,004	5,848,434	5,847,851	6,854,991
Capital Costs												
Tenant Improvements	0.00	0	0	0	0	0	0	0	0	0	0	0
Leasing Commissions	0.00	0	0	0	0	0	0	0	0	0	0	0
Capital Reserves	(0.15)	(57,258)	(58,975)	(60,745)	(62,567)	(64,444)	(66,377)	(68,369)	(70,420)	(72,532)	(74,708)	(76,950)
State of CA - Paint & Carpet ^[3]	0.00	0	0	0	0	0	(760,436)	0	0	0	0	(1,520,872)
Total Capital Costs	(0.15)	(57,258)	(58,975)	(60,745)	(62,567)	(64,444)	(826,813)	(68,369)	(70,420)	(72,532)	(74,708)	(1,597,822)
Operating Cash Flow	\$12.78	\$4,879,168	\$4,876,987	\$4,874,738	\$4,872,424	\$4,870,040	\$5,023,276	\$5,781,183	\$5,778,584	\$5,775,902	\$5,773,143	\$5,257,169

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

[2] Based on 381,718 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).





DEPARTMENT OF JUSTICE BUILDING

4949 BROADWAY
SACRAMENTO, CA 95820

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