



**Via Email**

April 14<sup>th</sup>, 2010

Mr. Robert Gilley  
CB Richard Ellis  
101 California Street, 44th Floor  
San Francisco, CA 94111

Re: Letter of Intent to Purchase  
Elihu Harris Building  
Oakland, California

Dear Bob;

DJM Acquisition Group, LLC has underwritten the purchase of the above Property. This letter outlines the terms and conditions under which DJM Capital Partners, Inc, through a to-be-formed entity "Buyer" would purchase the above Property from your client, "Seller" and lease back the Property to your client for a long-term net Lease. Our proposal is as follows:

1. **PROPERTY:** The Property is approximately 700,589 square feet with a 392 parking garage located at 1515 Clay Street in Oakland, California.
2. **PURCHASE VALUE:** One Hundred Eighty Five Million Dollars (\$185,000,000)
3. **LEASE BACK TERMS:** The Lease shall be structured as an operating Lease in accordance with the standards set forth by the Financial Accounting Standards Board "FASB." The general terms of the Lease are as follows:
  - a. **Term:** The term shall be for thirty (30) years with two (2) Options to Extend at the same rent.
  - b. **Base Rent:** The rent shall be Thirteen Million Three Hundred Thousand Dollars (\$13,300,000) per year, payable in arrears in equal monthly installments without increase for the term of the Lease;
  - c. **Operating Expenses:** Tenant shall be responsible for all operating and capital expenses. The Lease shall be net of all utilities, expenses, taxes and insurance coverage;
  - d. **Property Management:** Landlord shall provide property and construction management services for Tenant should Tenant request such service; and
  - e. The Lease shall not be cancelable for any reason.

4. **DEPOSITS:** Buyer shall make an initial Deposit of Two Million Dollars (\$2,000,000) that will be placed in Escrow at such time as the Purchase Agreement, as defined below, is fully executed. In the event the Buyer approves the Due Diligence after a 45-day Contingency Period, the Deposit shall then become non-refundable but shall remain applicable to the Purchase price. However, all Deposits shall remain refundable to the Buyer should an Event of Default by the Seller occur prior to the Close of Escrow, or should the Phase I or II environmental report find undisclosed contamination.
5. **PURCHASE AGREEMENT:** This transaction shall be subject to the execution by Buyer and Seller of a formal Agreement of Purchase and Sale (the "Purchase Agreement") in a form acceptable to both Buyer and Seller. We assume that the Seller would like to use its form and will deliver a draft of the Purchase Agreement to Buyer within a week of the complete execution of this Letter of Intent. It is our expectation that the Purchase Agreement should be fully executed not later than thirty (30) days from acceptance of this Letter of Intent.
6. **DUE DILIGENCE SCHEDULE & APPROVALS:** Within five (5) business days following the full execution of this Letter of Intent, Seller shall provide to Buyer access to all of the original Due Diligence items and documents relating to the Property or Seller as shall be described in the Purchase and Sale Agreement. Buyer shall use diligent efforts to conduct and complete its Due Diligence evaluations and inspections of the Property thirty (30) days after execution of the Purchase Agreement.
7. **BUYER'S CONDITIONS PRECEDENT:** The Purchase Agreement shall provide that the obligation of the Buyer to purchase the Property shall be contingent upon, among other things, the following:
  - a. Agreement between Buyer and Seller on such representations and warranties of Seller, conditions precedent to Closing and other documentation as are customary in transactions of this type, all of which shall be specified in the Purchase Agreement;
  - b. Buyer's inspection and approval, at Buyer's sole discretion, during the Due Diligence period of the plans, specifications, soils and other construction testing reports, as-built survey, the reports of Buyer's independent consultants, and the financial and related records for the Property; and
  - c. Buyer's receipt and approval during the Due Diligence period of an acceptable Phase I environmental report. To the extent that a Phase II environmental report is required, the Due Diligence period shall be extended by the amount equal to perform the investigation plus two (2) weeks to review the Phase II report(s).

8. **CLOSE OF ESCROW:** The Purchase Agreement shall provide that Escrow will close and recording will occur not later than sixty (60) days after the Due Diligence Period. This extended period is to facilitate Buyer's use of a 501 C3 entity. This entity shall purchase the Property through the issuance of bonds to the public markets. Therefore, Buyer shall need (sixty) 60 days to close its purchase.
9. **EXTENSIONS:** Buyer shall have the Options to Extend, either the Due Diligence Period or the Close of Escrow, for one (1) month. Buyer shall deposit a non-refundable but applicable payment of Five Hundred Thousand Dollars (\$500,000) to Escrow, for each Option exercised. (Should a period less than one (1) month be required, the Option Payment would be prorated on a per diem basis.)
10. **CLOSING COSTS:** The Purchase Agreement shall provide that Seller shall pay for transfer tax, personal property tax, and the cost of a standard coverage title policy, if required. Any special endorsements and/or extended coverage will be Buyer's obligation. Seller shall pay all survey costs related to such policy. Buyer and Seller shall split any remaining Closing Costs and shall each pay their own attorneys' fees in connection with this transaction. The Purchase Agreement shall provide that Seller and Buyer shall cooperate in making any post-closing adjustments to pro rations within thirty (30) days following the Closing Date.
11. **BROKERAGE FEES:** Buyer represents that it has not dealt with any brokers or finders in connection with the transaction currently contemplated other than CB Richard Ellis ("CBRE"). Buyer shall recognize CBRE as "Seller's Broker" and Seller shall compensate Broker under a separate agreement. However, in the Purchase Agreement, each party shall indemnify, defend and hold the other harmless from and against any and all claims, losses, costs, damages, liabilities or expenses, including reasonable attorneys' fees, arising out of or related to the claim to a fee or commission by any party which is based on the actions of such indemnifying party.
12. **CONFIDENTIALITY:** Buyer and Seller agree that the execution of this Letter of Intent and the terms and conditions of the proposed transaction as set forth herein are confidential and shall not be disclosed by Buyer or Seller. The Purchase and Sale Agreement shall also stipulate that confidentiality be maintained by both parties for a period not to exceed one (1) year after Close of Escrow.

Except as expressly provided below, this letter is not intended as, and does not constitute, a binding agreement by any party, or an agreement by any party to enter into a binding agreement, but is merely intended to specify some of the proposed terms and conditions of the transaction contemplated herein. Neither party may claim any legal rights against the other by reason of the signing of this Letter of Intent or by taking any action in reliance thereon. Each party hereto fully understands that no party shall have any legal obligations to the other, or with respect to the proposed transaction, unless and until all of the terms and conditions proposed in the transaction have been negotiated and agreed to by all parties and set forth in the Purchase Agreement.

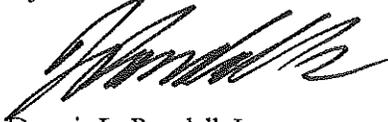
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Notwithstanding anything to the contrary set forth in this Letter of Intent, Buyer and Seller hereby agree that the provisions of this paragraph shall be binding on both parties, and either party shall be entitled to enforce the provisions of this paragraph. Seller hereby agrees that Seller shall not, without Buyer's prior written consent, prior to the date which is thirty (30) business days after the date of the complete execution of this Letter of Intent, (a) solicit offers from any third party for the purchase, lease or other transfer of the Property or any portion thereof, (b) enter into negotiations with any third party for the sale, lease or other transfer of the Property or any portion thereof, (c) enter into any Letter of Intent with any third party to sell, lease or otherwise transfer the Property or any portion thereof, (d) enter into any contract with any third party to sell, lease or otherwise transfer the Property or any portion thereof, or (e) sell, lease or otherwise transfer the Property or portion thereof to any third party. Seller and Buyer hereby agree to negotiate in good faith regarding the terms of the Purchase Agreement.

Bob, we believe that DJM has structured our proposal to be both cost effective for your client and a compelling investment. Therefore, we very much look forward to reviewing this Letter of Intent with you and with any members of the Seller in greater detail in the near future. Should you have any questions please give me a call on my direct line at 408.271.0359.

Kindest regards,

DJM ACQUISITION GROUP, LLC

A handwritten signature in black ink, appearing to read "Dennis L. Randall, Jr.", written in a cursive style.

Dennis L. Randall, Jr.  
Vice President