



**EUROMART®**  
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*Real Estate Broker Services*

April 13, 2010

Mr. Randy Getz  
Executive Vice President  
[Randy.getz@cbre.com](mailto:Randy.getz@cbre.com)

Dear Randy,

Enclosed is the Letter of Intent. For your information, my associates Chris Sim and Edmond Heraux represent the South Korean Military Pension Fund. I, myself, am originally from Switzerland and since Arnold Schwarzenegger is Austrian, we are very interested and hopefully we can proceed with the purchase of the office complex.

Regards,

Bruno J. Arnold

April 13, 2010

*Real Estate Broker Services*

State of California  
c/o CB Richard Ellis Inc.  
Attention Randy Getz, Executive Vice President  
[randy.getz@cbre.com](mailto:randy.getz@cbre.com)

Gentleman:

**Re: Sale-Leaseback Office Complex 1430 N Street, 1501, 1500, 1615, and 1616 Capitol Avenue, Sacramento, California (the "Property")**

This Letter of Intent (the "Letter") sets forth the basic business terms and conditions between State of California as vendor (the "Vendor") and Euromart Realty Group Inc. in Trust on behalf of South Korean Military Pension Fund, as purchaser (the "Purchaser") to purchase the Property on the following basis and as per Schedule "A":

1. Purchase Price: US \$526,500,000.
2. Deposit:  
Upon the Execution of the formal Agreement of Purchase and Sale, the Purchaser shall deposit (the "First Deposit") Five Million (\$5,000,000) US Dollars. The deposit shall be held in trust by the Purchaser's solicitors and shall be invested in an interest bearing trust account with all interest to accrue to the benefit of the Purchaser.  
  
Upon waiver of Purchaser's condition, a second Deposit (the "Second Deposit") of Ten Million (\$10,000,000) US Dollars shall be paid. The deposit shall be held in trust by the Vendor's solicitors and shall be invested in an interest bearing trust account with all interest to accrue to the benefit of the Purchaser.
3. Condition: The Purchaser shall have a period of thirty (30) days following the full execution of the Agreement of Purchase and Sale (the "Condition") to enter into a mutually agreed triple net lease with the State of California. If the parties cannot agree on the Lease Agreement, then the Purchaser shall have the right to elect to terminate the Agreement of Purchase and Sale and to have the full return of the First Deposit in its sole and absolute discretion.
4. Closing: Closing shall occur thirty (30) days after the satisfactory completion of conditional period.
5. Representation: The Vendor shall make such representations and warranties in the Agreement of Purchase and Sale as are customary with this type of transactions.

- 6. Exclusivity: Upon execution of this Letter of Intent, the Vendor agrees to negotiate exclusively and in good faith, without exception, with the Purchaser to complete the transaction proposed herein. In that regard, the Vendor agrees not to enter into, or continue, any negotiations or discussions with any third party in respect of the sale of the Property, and not to give access to any third party to the Property for the purpose of enabling that third party to make a determination as to whether to make an offer to acquire the Property.
- 7. Confidentiality: Neither the Purchaser nor the Vendor shall disclose the terms or the existence of this letter of intent to any third party (except their agents, advisors, consultants or prospective lenders) without the prior written consent of the other party, provided that each party shall be entitled to make such disclosure to the extent required by law and regulation, rules or policy of any regulatory body, in which case the disclosing party shall notify the other prior to making such disclosure.
- 8. Non Binding: While this Letter of Intent may contain certain essential parts of an agreement, each of us agrees and understands that, except for our respective obligations set out under the heading "Confidentiality" (which is intended to be legally binding), this letter is one of intent only and does not and is not intended to constitute a binding agreement with respect to our proposed acquisition of the Property.

Upon acceptance of this Letter of Intent, the parties hereto agree to promptly negotiate in good faith to finalize and fully execute an Agreement of Purchase and Sale containing the within basic terms.

The Vendor agrees that after signing this Letter of Intent, not to have any further discussions involving other parties while continuing final negotiations of a formal Agreement of Purchase and Sale.

By signing and returning a duplicate of this Letter of Intent, the Vendor confirms that this Letter sets out the elements of the proposed transaction.

The terms of this Letter of Intent are open for negotiations by the Vendor until April 23, 2010, and if not acted upon by this date, will be null and void.

Sincerely,

**Euromart Realty Group Inc. in Trust for SKMP Fund**



Bruno J. Arnold  
Chairman

Agreed and accepted this \_\_\_\_ day of April 2010  
**State of California**

\_\_\_\_\_  
I/we have the authority to bind the Corporation

\_\_\_\_\_  
I/we have the authority to bind the Corporation

## Schedule "A"

**Sale-Leaseback  
Capitol Area East End Complex  
1430 N Street  
1501, 1500, 1615 and 1616 Capitol Avenue  
Sacramento, California**

Site location:	Adjacent properties consist of a combination of similar low-rise office buildings and retail.	
Building area: building)	1,474,705 sq ft (LEED Platinum Certification – one (LEED Gold Certification – four buildings)	
Parking:	1611 cars – 5 levels	
Year completed:	2003	
Tenant:	State of California	
Lease term:	20 years plus 5 five-year options to renew at same escalation pattern as base term	
Triple Net Rental income:	\$ 25.00 per sq ft	\$36,867,625 year one Escalate at 1.5% per annum compounded
Price:	\$526,500,000	

