



Vincent E. Pellerito
Chief Executive Officer

April 14, 2010

Mr. Kevin Shannon
Vice Chairman
Mr. Robert Gilley
Executive Vice President
Mr. Randy Gertz
Executive Vice President
CB Richard Ellis
990 W. 190th Street
Torrance, CA 90502

Re: National Financial Realty, Inc. Offer to Purchase the Golden State Portfolio

Gentlemen:

On behalf of National Financial Realty, Inc. its affiliates and/or subsidiaries (collectively “**National Financial Realty**” or “**Purchaser**”), we are pleased to present this letter of intent (“**LOI**”) to purchase the Golden State Portfolio (“**Portfolio**”) from the State of California or the owner of record (“**State of California**” or “**Seller**”).

National Financial Realty’s summary of its terms and conditions are outlined below.

1. **Buyer:** National Financial Realty or an affiliated entity.
2. **Portfolio:** The Portfolio consists of 11 buildings totaling 7,311,158 rentable square feet (“RSF”) located in California pursuant to Exhibit A.
3. **Cash Price:** \$2,000,000,000.00
4. **Terms:** The Cash Purchase Price shall be paid all in cash upon close of escrow.
5. **Portfolio Condition:** National Financial Realty shall purchase the Portfolio in an “as-is” condition.
6. **Seller Election to Exclude Individual Assets:** Seller shall have the right to exclude one or more individual assets from the Portfolio (with a proportionate reduction in Purchase Price based upon lost net cash flow) provided the Purchase Price is not thereby reduced below \$500,000,000.00.

7. **Contingency Period:** The Contingency Period (during which Buyer shall have the right in its sole discretion to approve all aspects of its purchase) shall expire sixty (60) days from the later of (i) receipt of Seller's Due Diligence documents or (ii) full execution of the Purchase Agreement. All existing due diligence reports in Seller's possession will be provided to Purchaser within three (3) business days of acceptance of this LOI.
8. **Closing:** Closing shall occur not later than thirty (30) days after the expiration of the Contingency Period; provided that Buyer shall have the right to require the Closing be accelerated to any prior date during escrow upon delivery of five (5) business days notice.
9. **Deposit:** Purchaser shall open escrow with a Deposit of \$1,000,000. At the expiration of the Contingency Period, Purchaser shall provide an additional Deposit of \$1,000,000.
10. **Escrow and Title:** Escrow and Title shall be Chicago Title Insurance Company.
11. **Additional Items:** Seller shall provide Purchaser an ALTA Owner's Extended Coverage Policy of Title Insurance issued by Chicago Title Insurance Company showing title vested in Seller. Purchaser shall pay the premium associated with the ALTA coverage. Seller shall pay all transfer taxes related to the sale. There shall be customary closing prorations.
12. **State of California Lease:** Upon the close of escrow, the State of California shall execute a twenty (20) year lease with National Financial Realty. The initial annual rent shall be \$225,338,642.00 pursuant to terms set forth in Exhibit A.
13. **FASB Compliance:** Buyer is prepared to work with Seller's FASB requirements for the Lease.
14. **Broker:** Seller is represented by CBRE pursuant to a separate agreement. Purchaser represents that it is not represented by a broker.

The foregoing is a nonbinding letter of intent, and shall not evidence or create any binding obligation on the part of either Buyer or Seller. Neither party shall have any obligation to the other until the full execution of definitive purchase agreement documents and neither party shall be entitled to detrimentally rely (or assert any detrimental reliance) on any matter contained herein.

Page 3
April 14, 2010

Very truly yours,
NATIONAL FINANCIAL REALTY, INC.

By:

A handwritten signature in blue ink, appearing to read "Vincent E. Pellerito", is written over a horizontal line.

Vincent E. Pellerito

cc: Bank of America Merrill Lynch Investment Banking
Wedbush Securities