



Ed Rosenthal
Grubb & Ellis Company
445 S. Figueroa Street, Suite 3300
Los Angeles, CA 90071

213.596.2222 main
213.488.0819 fax
www.grubb-ellis.com
CA license # 00812184

April 14, 2010

Mr. Kevin Shannon
Vice Chairman
CB Richard Ellis
990 West 190th Street
Torrance, CA 90502

Re: Purchase of Certain Real Property known as "The Junipero Serra Building"
320 West 4th, Street, Los Angeles, CA

Dear Kevin:

Enclosed you will find an offer to purchase 320 West 4th Street (Junipero Serra) from my client, Neman Brothers. This is a clean and strong offer with a 30-day contingency, and \$5,000,000 released deposit.

Neman Brothers is the largest fabric importer in Los Angeles. Neman Brothers & Associates is the majority holder in quality office projects in several states, including Wells Fargo Place in St. Paul, Minnesota and The Franklin Covey Complex in Salt Lake City. They have acquired well over \$450 million in assets and they are aggressively seeking additional quality office properties throughout the U.S. Neman Brothers and Associates maintains a well-capitalized position and an impeccable reputation in our real estate community. References are available upon request.

I have personally been involved in transactions with Neman Brothers and Associates and I can tell you from experience that they are very capable buyers, easy to work with and they perform on time. They are ready to move forward and make this a very smooth process for everyone involved in the transaction.

Please review the enclosed offer and let me know if you have questions or comments.

We look forward to closing escrow with you.

Sincerely,

Ed Rosenthal
Senior Vice President
CA License #00791493

Enclosure



GRUBB & ELLIS.

From Insight to Results

Ed Rosenthal
Grubb & Ellis Company
445 South Figueroa Street, Suite 3300
Los Angeles, CA 90071

April 14, 2010

Mr. Kevin Shannon
Vice Chairman
CB Richard Ellis
990 West 190th Street
Torrance, CA 90502

213.596.2222 main
213.488.0819 fax
www.grubb-ellis.com
California License # 00812184

Re: Letter of Intent to Purchase the Junipero Serra Building
320 West 4th Street
Los Angeles, CA 90013

Dear Mr. Shannon:

Please consider this letter to be our non-binding Letter of Intent summarizing the basic terms and conditions for Neman Brothers and Associate's ("Buyer") to purchase that certain property known as The Junipero Serra State Office Building, an approximately 431,000 square foot office building situated on 1.145 acres (the "Property"), from the State of California ("Seller"), on the following terms:

1. Purchase price: \$65,000,000, all cash.
2. The Inspection Period shall commence with the full execution and delivery of the Purchase and Sale Agreement and terminate thirty (30) days thereafter. Buyer, may, in its sole discretion, with or without cause and without penalty, terminate by giving Seller notice in writing at any time prior to the end of the Inspection Period. In such event, Buyer's Initial Deposit (as defined below) shall be returned in full, and both party's rights and obligations shall cease. Seller shall furnish Buyer those items in Paragraph 4 below within ten (10) days after the execution and delivery of the Purchase and Sale Agreement.
3. An earnest money deposit of \$100,000 ("Deposit") shall be paid to a mutually acceptable escrow agent promptly following the full execution and delivery of this Letter of Intent and pursuant to mutually agreeable escrow instructions.
4. Buyer shall have thirty (30) days from the date of its receipt of the below requested due diligence materials to perform its inspections ("Inspection Period"). Seller shall deliver to Buyer the following items, as well as such other information and documents as Buyer may reasonably request during the Inspection Period:
 - a. Copies of or access to all tenant leases encumbering the Property with proposed terms offered on CBRE State of California dedicated website.

- b. Copies of or access to all contracts of employment or consultancy affecting the Property.
 - c. Copies of or access to all management, maintenance, service and other agreements affecting the Property.
 - d. An up-to-date rent roll showing the rental due under each lease security deposits held, prepaid rentals, and the status of each tenant's rental payments, and reflecting offered terms on website.
 - e. Copies of all plans and specifications, reports, etc., used in the construction of the Property, and "as built" plans, if available.
 - f. Copies of all insurance policies applicable to the Property.
 - g. Operating statements for the year-to-date and two preceding years.
 - h. Memoranda covering the terms and conditions of any unwritten leases or contracts affecting the Property.
 - i. Copies of inspection reports, existing notices and due dates for same from any governmental agency having jurisdiction for or an effect on the Property, including any additional notices which may be received prior to closing.
 - j. Copies of the last three years ad valorem tax bills, and current bill, if available.
 - k. Copies of all documents relating to litigation or other disputes affecting the Property.
 - l. A copy of all permits and certificates applicable to the Property, including Certificates of Occupancy.
 - m. Copies of all warranty agreements for real or personal Property, including roof bonds.
 - n. Copy of the Common Area Maintenance budget and ledger showing all payments and disbursements.
 - o. Copies of Seller's existing appraisals and environmental audits, if any.
5. Upon Buyer's approval of contingencies, Buyer shall release \$5,000,000 of non-refundable funds to Seller.
 6. Closing shall be ninety (90) days after "Approval of Contingencies". Both parties confirm that the time is of the essence and agree to make every effort to expedite a closing.
 7. Seller shall hold Buyer harmless against all claims by brokers and agents for any real estate commission due in this transaction, other than to Buyer's agent, Grubb & Ellis.

8. In the event of Buyer's default after full execution of the purchase and sale agreement and acceptance of the Property by Buyer following the Inspection Period, then the Deposit shall be forfeited by Buyer as Seller's sole remedy. In the event of Seller's default after full execution of the purchase and sale agreement and approval by Buyer following the Inspection Period, then Buyer shall have the option of having the Deposit returned.
9. Seller and Buyer shall keep the terms of and existence of this Letter of Intent strictly confidential, and shall not disclose any of its terms or its existence to any third party other than to their brokers, consultants, attorneys, accountants, lenders and engineers.

While this Letter of Intent is non-binding, it is the intent of both parties to negotiate and execute within ten (10) days of full execution of this non-binding Letter of Intent, a binding and definitive purchase and sale agreement along the above lines and with other terms and conditions customary for this type of transaction and mutually acceptable to both parties. The terms of this Letter of Intent shall be incorporated into the Purchase and Sale Agreement. If the general terms as outlined above are acceptable, please indicate by signing one copy of this Letter of Intent and returning it to the undersigned.

Sincerely,



Ed Rosenthal
Senior Vice President
CA License #00791493

Agreed to:

BUYER

By:


Leon Neman

Its: CEO

Date: _____

SELLER

By _____