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April 25, 2010

Shaul Kuba
CIM Group
6922 Hollywood Blvd.
Suite 900
Los Angeles, CA 90028

Re: Golden State Portfolio, CA (the "Portfolio")
350 McAllister Avenue & 455 Golden Gate Avenue, San Francisco
505 Van Ness Avenue, San Francisco
50 D Street, Santa Rosa
1515 Clay Street, Oakland
320 West 4th Street, Los Angeles
300 South Spring Street, Los Angeles
1300 I Street, Sacramento
1430 N Street; 1500-1501 Capital Avenue and 1615-1616 Capital Avenue, Sacramento
9645 Butterfield Way, Sacramento
3650 Schriever Avenue, Rancho Cordova

Dear Shaul:

On behalf of the State of California we would like to thank you for your interest in acquiring the Golden State Portfolio. The State has received numerous offers pertaining to the sale of the Portfolio and has established **May 11, 2010 - at 5:00 PM (PDT)** as the deadline for submission of "Best and Final" offers for the finalists to purchase the entire Portfolio. The State requests that your offer specifically address and attempt to satisfy the following terms and conditions.

As part of your participation in the "Best & Final," the State has requested that you review and reconcile into your final pricing the following recently-commissioned documents that are now available in the war room upon return of the attached Confidentiality Agreement.

- *Property Condition Reports prepared by Marx Okubo
- *Phase I Environmental Reports prepared by Kleinfelder
- ALTA Surveys
- ADA Surveys
- Best and Final Bid Form
- Revised Year One Operating Budgets
- Revised Argus Models
- *Building, Floor, Site Plans and Specifications

*Requires a signed copy of the confidentiality agreement referenced in A.

If you do not have access to the war room please notify us immediately. In addition to the above referenced reports, the war room includes other relevant due diligence items for your review.

Buyer (“Buyer”): Please identify the Buyer and the ownership structure intended to take title.

Purchase Price: Please state your best purchase price and verify whether the offer is an all cash offer or is subject to a new loan. The stated price should reflect purchasing the asset after reconciling the new information referenced above.

Source Of Equity: Please identify the intended source of funds for the transaction and the capability of the Buyer to complete this transaction. If this transaction involves a loan, please state the desired loan amount with timing, if applicable. If this will be an “all cash” transaction, please describe the internal approval process and/or level of discretion if investing on behalf of a third-party.

Operating Lease: Please indicate that you have reviewed the leases that are on the document center and have reconciled the terms and conditions into your “Best and Final” pricing. Please confirm that you are agreeing to adhere to the terms and conditions and will adhere to the 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). Please confirm that your purchase offers will comply with these standards.

Year One Operating Budgets: Please be advised that the Year One Operating Budgets have been revised for the following properties:

- Removal of Security – San Francisco Civic Center
- Parking Modifications – Public Utilities Commission, Elihu Harris, San Francisco Civic Center, Junipero Serra, Ronald Reagan, Capital Area East End and Attorney General Buildings.

These revisions have been incorporated in the revised Argus models that are on the document center. Please reconcile these changes into your Best and Final pricing.

Operating Expenses: Please confirm that your offer reconciles your firm’s analysis, review and modification (if applicable) of the projected Year One Operating Budgets that are on the document center. This would include reconciliation of third party costs (i.e. insurance, management, administration, etc.)

Property Condition: It is extremely important to the State that the contract price ultimately becomes the closing price. The Portfolio will be delivered in an “As Is” condition. Please advise that you have reviewed and reconciled the Marx Okubo report.

- Plans and Specifications:** The document center has Building, Floor, Site Plans and Specifications for the Portfolio. Please acknowledge that you have reviewed this information and that you have reconciled this into your Best and Final pricing.
- Earnest Money Deposit:** The State intends on opening the escrow with as large an initial deposit as possible.
- Time For Transaction:** The State is desirous of having the due diligence period expire as soon as possible. Additionally, the closing date should occur as soon as possible after the due diligence date. Please specifically state your most expeditious due diligence and closing timeline.
- Allocation Of Escrow And Transactional Costs:** The State intends to have the Buyer pay all closing costs in connection with this transaction (e.g., escrow fees, CLTA policy premium; ALTA premium). The State shall not be subject to transfer taxes associated with the sale of this Portfolio. Estimated Title and Escrow fees shall be provided at a later date for review. State shall be responsible for paying CB Richard Ellis a brokerage fee per a separate written agreement.
- Additional Information:** Please inform the State of any other material conditions that you feel are relevant.

In addition to the above, please note that, in connection with the delivery of this letter to you, and the delivery of any other documents pertaining to the Property, you understand and acknowledge the following:

- A. Confidentiality.** You shall keep confidential any confidential information or data received regarding the Property in accordance with a separate Confidentiality Agreement. The Purchase and Sale Agreement will provide for any confidentiality agreements regarding the terms of the sale.
- B. Brokers.** Please acknowledge if you have engaged a broker or finder in connection with this transaction and provide written acknowledgment that, pursuant to State's listing agreement with CB Richard Ellis, said broker or finder will be paid by Buyer. State will pay the CB Richard Ellis commission only.
- C. Disclaimer.** Prior to entering into the Purchase and Sale Agreement, neither the State's broker nor the State nor any of their representatives or agents are making or shall be deemed to have made any express or implied representation or warranty of any kind or nature regarding (a) the leasing, physical or financial status of the Property, (b) the Property's compliance with applicable laws, (c) accuracy or completeness of any information or data provided or to be provided by the broker of the State or State's agents, or (d) any other matter relating to the Property or the State.
- D. Non-Binding.** No obligation or liability will be created by reason of this letter or any statements made herein. Any costs incurred or actions taken by you in the absence of any executed Purchase and Sale Agreement will be at your sole risk. Until all conditions have been satisfied and legally binding documents have been negotiated, executed and delivered, the State will not be obligated to proceed with this transaction.

You acknowledge that the Property will not be taken off of the market, and State reserves the right to sell or dispose of the Property in any way it so determines prior to entering into a written Purchase and Sale Agreement with you, or any other party. You further acknowledge that because this letter does not constitute an agreement, neither you nor the Buyer, if it is a party other than you, shall be entitled to bring any actions against the State in law or in equity arising out of this letter. In that regard, you and the Buyer, if it is a party

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other than you, expressly waive any remedy of specific performance against the State, and any right to proceed with any legal action or to record or file a lis pendens or similar notice against the Property in connection with any alleged default by the State.

Please submit your offer prior to **May 11, 2010, at 5 PM (PDT)**. Thank you for your continued interest in the Property. We will be in contact with you shortly.

Sincerely,

A handwritten signature in black ink, appearing to read "KASh", with a long horizontal flourish extending to the right.

Kevin A. Shannon
Vice Chairman