

May 11, 2010

BY ELECTRONIC MAIL

Kevin Shannon
Senior Vice President
Chapin Hunt
Senior Vice President
CBRE
Capital Markets
990 W 190th Street, Suite 100
Torrance, CA 90502

RE: LETTER OF INTENT – GOLDEN STATE PORTFOLIO

Dear Kevin and Chapin:

Please accept this as our revised offer to purchase the above referenced Property portfolio subject to the approval of our investment partner, environmental reports, lease, and a contract satisfactory to our attorneys and the undersigned.

The terms of our offer are as follows:

SUMMARY OF PURCHASE AND TRANSACTION TERMS

Property	11 single-tenant Class A office buildings of 7.3 million sq. ft. located within the State of California (the "Properties").
Tenant:	State of California
Lease Guarantor:	State of California
Purchase Price	\$1,926,000,000 representing a Year 1 Cap Rate of 7.71% (as indicated in Appendix A attached herein).
Senior Loan:	Option 1 Financed Offer assumes \$1,050,000,000 (i.e. 55% LTV) CBRE sourced and quoted first lien non-recourse financing with 6.25% coupon, 20yr. term, and 30 yr. amortization. Sedgwick assumes that Senior Loan provisions including origination/exit fees, prepayment terms, and carve-out guarantees shall meet satisfactory terms and conditions.
Deposit:	To be negotiated.
Investor's Counsel:	Kelley Drye and Warren.
Lease	As presented subject to review by counsel.
Lease Term:	20 years.
Lease Type:	Sedgwick assumes Modified Gross Leases shall meet satisfactory review of terms and conditions, including satisfactory base year operating expense stops and annual rent escalation covenants tied to the consumer

price index (CPI). Tenant pays 100% of all utility charges.

Year 1 Cash Flow before Debt & Tax Payments: \$148,484,806 (assumes trailing twelve collections as of June 1, 2011 calculated by Properties' average Effective Gross Revenue of \$31.64 per sq. ft. (including parking revenue as defined in Appendix C) less Operating and Capital Expenses of \$11.33 per sq. ft.)

Renewal Options: (6) Five year renewals at at Fair Market Value

Timing: Subject to the full co-operation of the seller, including the assumption that relevant professionals will be available for sufficient time and will present information in sufficient detail for due diligence within 14 days of acknowledged receipt of this letter (a preliminary list of requested information is contained in Appendix B), we believe that we would be able to procure the signing of the Definitive Agreements (as defined below) by the Contract Date as defined below. The "Closing" of the Transaction would be 14 days after the later of: (a) the Contract Date, or (b) the date on which pre-conditions to Closing (if any) are satisfied.

Definitive Agreements The Parties shall agree on definitive agreements for the Transaction (the "Definitive Agreements"). The Definitive Agreements shall include such terms and conditions, including representations and warranties, as are normal for such agreements with respect to transactions of this type.

The execution of the Definitive Agreements will be subject to satisfactory results from Sedgwick's due diligence (including, inter alia, analysis of property, technical, financial, accounting, environmental, tax and legal issues regarding the Properties and business activity carried out in the Properties), financing and final approval of Sedgwick's investment committee. We believe this can all be achieved within 45 days from the signing of this Letter of Intent (the "Contract Date").

Closing Costs: The purchase price shall be net to Purchaser. Seller shall be responsible for all costs including but not limited to the payment of all transfer taxes, doc stamps on the deed and mortgage, surveys, title policies, recording costs for the deed and mortgage, and brokerage fees. Purchaser shall pay only for its due diligence costs, costs associated with its advisors, and its attorney's fees.

Sedgwick Funding: Sedgwick Funding was formed in 2006 to pursue the Real Estate Net Lease Investment strategy implemented at Pitney Bowes Real Estate Finance Corp (PREFCO). PREFCO, created in 1987 by the undersigned, completed transactions valued in excess of \$2.5 billion dollars throughout the United States. Please see www.sedgwickfunding.com for further information.

Non-Binding: This letter is not intended to be a legally binding agreement of purchase or sale. Neither party shall be bound nor have obligations of any kind unless and until a formal Purchase and Sale Agreement is hereafter signed and delivered by the parties.

Golden State Portfolio LOI
May 11, 2010

If the above offer is acceptable, please contact the undersigned so we might proceed with documentation, as I look forward to working with you.

Very truly yours,

Michael S. Ryan
President

Accepted and Agreed to this ___ day of _____,

Name:
Title:

APPENDIX B

Evaluation Material Requiring Expedient Delivery

The Definitive Agreements shall be predicated on a satisfactory review by Sedgwick Funding LLC of all necessary due diligence materials including, but not limited to, the following documents:

- a. Evidence of clear title for the Properties and copies of all ground lease documentation, where appropriate. Provide full disclosure of all easements, liens or other restrictions to title of the Properties;
- b. Audited financial operating statements for all Properties for the trailing three years as well as the first quarter of 2010;
- c. Floor and building plans for all properties confirming building areas;
- d. Schedule detailing date, costs and uses of funds for all capital expenditures for each respective Property since 12/31/2005;
- e. Copies of all commercial leases for both real and personal property attached to said Properties and said business systems;
- f. Copies of all completed third party reports, where available, including property condition assessment reports, phase I environmental assessment reports, seismic reports, and Flood Hazard studies.
- g. Copies of all Tenant Leases for Properties

APPENDIX C

Parking Revenue Schedule

<u>Building / Department</u>	<u>Parking Rate Per Stall per Month</u>
Attorney General	\$100.00
Cal EMA	\$0.00
Capital Area East End	\$100.00
Department of Justice	\$0.00
Franchise Tax Board	\$0.00
Harriss Building	\$185.00
Judge Rattigan Bldng	\$85.00
Junipero	\$245.00
Public Utilities Bldng	\$250.00
Ronald Regan Bldng	\$245.00
SF Civic Center	\$250.00