

CALIFORNIA FIRST, LLC

June 2, 2010

VIA EMAIL & FACSIMILE

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

Re: Amendment to Best and Final Proposal Letter for the Golden State Portfolio: An eleven property, approximately 7.3 million square foot, office sale/leaseback portfolio (the "Properties") located in the San Francisco Bay Area, Los Angeles, and Sacramento markets.

Dear Mr. Shannon:

California First, LLC (the "Purchaser") delivered a proposal (the "Proposal") to the State of California ("Seller"), dated May 21, 2010, describing the terms and conditions for the purchase and leaseback in its entirety of the Golden State Portfolio referenced above. This letter (this "Amendment") shall amend the terms and conditions contained in the Proposal and shall be incorporated into, and considered a part of, Purchaser's offer to purchase and leaseback in its entirety the Golden State Portfolio. All capitalized terms when used herein shall have the same meaning as is given such terms in the Proposal unless expressly superseded by the terms of this Amendment. Except as set forth in this Amendment, all of the terms and conditions of the Proposal shall apply and shall remain unmodified.

The terms upon which Purchaser would be willing to acquire the Properties are as set forth in the Proposal as such Proposal is modified below:

Purchase Price: The Purchase Price shall be increased to Two Billion Three Hundred Twenty-Five Million Dollars (**\$2,325,000,000**), all cash at closing for all eleven Properties. The Purchaser's proposal includes an energy efficient retrofit of the Properties.

Purchaser: **California First, LP**, is a consortium of experienced real estate and investment firms **managed by Hines and ACRE, LLC**.

The Purchaser's investment consortium, described below, has collectively executed transactions with a combined value in excess of \$75 billion, and managed on its own behalf and for third parties, a portfolio of more than 1,500 properties including skyscrapers, corporate headquarters, government facilities, mixed-use centers, industrial parks, medical facilities, and master-planned resort and residential communities.

Escrow and Deposit Letter: This provision replaces the "Purchaser Option and Option Payment" provision contained in the original Proposal. Purchaser is willing and able to post a non-contingent, hard deposit of Fifty-Five Million Dollars (\$55,000,000.00) in connection with this transaction immediately. However, based on the Seller's governmental process, Purchaser understands that it will not be able to post such deposit for at least 30 days after Seller gives notice of this transaction to the State legislature. Accordingly, in an effort to demonstrate Purchaser's commitment to this

transaction, Purchaser will post a \$5,000,000 deposit into escrow upon the finalization of the Leases and Purchase Agreement, pursuant to that certain separate Escrow and Deposit Letter delivered to Seller via electronic mail from Anton N. Natsis, Esq., to Kevin Shannon and Ken White, on May 27, 2010 at 7:38pm (the "Applicable Document Distribution Email"), which Letter does not require execution by, or agreement by, Seller.

Operating Leases:

We have reviewed the Leases that are in the transaction document center, and the Applicable Document Distribution Email included a draft of the Attorney General Building Lease, which had been revised to incorporate the various matters discussed at our meeting (the "Meeting") on May 26, 2010, in Sacramento, California (as well as some additional minor clean-up items). The revised Attorney General Building Lease reflects, in redlined format, all changes from your form document. We are available to discuss any modifications you require.

Purchase and Sale Agreement:

We have reviewed the draft Purchase Agreement and the Applicable Document Distribution Email included a draft thereof which incorporated the various matters discussed at the Meeting. This draft was also a continue redline, and reflects, in redlined format, all changes from your form document. We are available to discuss any modifications you require.

Expiration of Proposal:

If the Seller has not executed and delivered the Proposal Letter, as amended hereby, to the Purchaser by 5:00 PM, Pacific Time, Tuesday, June 15, 2010, the Proposal Letter, as amended, shall automatically terminate; provided, however, if the Seller extends the timeframe for selection of the potential buyer, then the expiration date of the Proposal Letter, as amended, may be adjusted by the Purchaser as appropriate.

We are confident that these efforts will result in a successful transaction with the State of California, and we look forward to your favorable reply.

If you have any questions, please do not hesitate to contact:

Rich Mayo (M: 310-413-5405; rmayo@antarcticacapital.com)
Grover L McKean (M: 323-661-6655; GLMcKean@antarcticacapital.com)
Chandra R. Patel (M: 917-593-8387; crpatel@antarcticacapital.com).

Sincerely,

California First, LLC

Richard Mayo

Richard Mayo
Managing Partner

ACCEPTED AND AGREED TO:

State of California

Date: _____, 2010

By: _____

Print Name: _____

Its: _____

