

STOCKBRIDGE

REAL ESTATE FUNDS

May 21, 2010

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

Re: Golden State Portfolio

Gentlemen:

Stockbridge Capital Group, LLC (“Stockbridge”), on behalf of its affiliated Funds and Managed Accounts, is pleased to offer to acquire the Golden State Portfolio (the “Portfolio”), comprised of 11 office properties and 7.3 million square feet of rentable space to be leased by the State of California, on the following terms and conditions:

- Buyer:** A newly formed Stockbridge special purpose vehicle.
- Purchase Price:** \$2,015,000,000. The purchase price shall be subject to receipt of debt financing at approximately 60% loan to value on customary terms and conditions.
- Source of Equity:** The equity required for the transaction will be provided by Stockbridge affiliated Funds and Managed Accounts.
- Operating Lease:** Stockbridge agrees that the leases to the State of California will be operating leases under applicable accounting rules. Stockbridge has attached as Exhibit A to this letter comments to the updated posted forms of lease, but believes these can be resolved without impact to its Best and Final pricing.
- Year One Operating Budgets:** Stockbridge has reconciled the most recent changes to the Year One Operating Budgets into its Best and Final Pricing.

Operating Expenses: Stockbridge has reconciled the most recent operating expense data and third party costs into its Best and Final Pricing.

Property Condition: Stockbridge has conducted property inspections and reviewed the Marx Okubo reports. The Best and Final Pricing reconciles all known property conditions.

Plans and Specifications: Stockbridge has reviewed and reconciled the Building, Floor, Site Plans and Specifications.

Earnest Money Deposit: Stockbridge will provide an earnest money deposit equal to 1% of the purchase price, or \$20,150,000. The deposit will be refundable until and subject to (i) expiration of the due diligence period, (ii) receipt of a financing commitment letter by the expiration of the due diligence period and a funding thereunder by the Closing Date and (iii) satisfaction of customary closing conditions contained in a mutually agreeable contract of purchase and sale.

Time for Transaction: The due diligence period shall expire 45 days after contract signing, which contract signing date is assumed to be July 1, 2010. The closing shall occur on or before August 31, 2010.

Among other matters, Stockbridge's due diligence shall include review and approval of the transaction (in its sole discretion) by an internal Investment Committee of Stockbridge which shall be obtained prior to execution of the Purchase and Sale Agreement.

Allocation of Escrow and Transactional Costs Stockbridge agrees to the State of California proposed allocation of escrow and transactional costs.

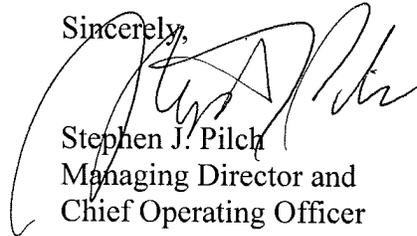
Purchase and Sale Agreement: Stockbridge has reviewed the draft Purchase and Sale Agreement and has attached its comments as Exhibit B to this letter.

Title: Stockbridge has reviewed the Preliminary Title Reports and underlying documents and ALTA surveys and has attached its comments as Schedule 3.2.4 to the Purchase and Sale Agreement.

Additional Information:

It is our hope that assets with the importance of those in this Portfolio can remain with an investment group such as Stockbridge, whose home office and primary operations are based in California. Additionally, we believe Stockbridge's unblemished record of closing major property transactions on a timely basis and consistently with our original bid should give you and the State confidence in moving forward with us.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen J. Pilch", is written over the typed name and title. The signature is fluid and cursive, with a large loop at the beginning and end.

Stephen J. Pilch
Managing Director and
Chief Operating Officer

cc: Terrence E. Fancher