

**PURCHASE AND SALE
AGREEMENT**

BETWEEN

**THE STATE OF CALIFORNIA
ACTING BY AND THROUGH ITS
DEPARTMENT OF GENERAL SERVICES**

**as
“SELLER”**

AND

**CALIFORNIA FIRST, LP,
A DELAWARE LIMITED PARTNERSHIP**

**as
“PURCHASER”**

DATED AS OF NOVEMBER 15, 2010

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of November 12, 2010 (the "Effective Date"), is made by and between the State of California acting by and through its Department of General Services ("DGS" or "Seller"), and California First, LP, a Delaware limited partnership ("Purchaser").

The State of California is the owner or has the right to own the Properties described in Section 1.1 below.

Pursuant to the provisions and requirements of Government Code Section 14670.13, the Seller is authorized to sell the Properties subject to terms and conditions deemed in the best interest of the State of California by the Director of DGS.

Purchaser has executed this Agreement and delivered the same to "Escrow Agent," as that term is defined in Section 2.1 of this Agreement. The date upon which Purchaser executed this Agreement and delivered the same to Escrow Agent shall be known herein as the "Purchaser Execution Date." Seller has submitted the notice to the Legislature as required by Government Code section 14670.13 and has sought the approvals to sell the Properties. Upon receipt of such approvals and the expiration of the thirty day notice period to the chairs of the fiscal committees of the Legislature, Seller shall deliver a copy of the signature page of this Agreement, countersigned by Seller, to Escrow Agent and upon such delivery this Agreement shall be in full force and effect and the date upon which such delivery to Escrow Agent occurs shall be inserted into the first paragraph of this Agreement, above, as the "Effective Date."

In consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree as follows:

SECTION 0 DEFEASANCE

Certain Properties, or interests in the Properties (described in sections 1.1.4-1.1.8, and collectively referred to as the "JPA Properties"), are owned by joint powers authorities ("JPAs") pursuant to agreements ("JPA Agreements") between the Seller and other governmental agencies, and leased to the Seller, as lessee, pursuant to various leases ("JPA Lease Purchase Agreements"). These Properties or interests in the Properties, along with the JPA Lease Purchase Agreements, serve as security for "Bonds," as defined below, issued by the JPAs to finance and/or refinance the acquisition and construction of certain of the Improvements. Pursuant to the terms of the JPA Agreements and/or JPA Lease Purchase Agreements, upon the deposit of funds sufficient to Defeasance the Bonds, title to the Properties will vest in the State of California and/or its designee. As of the date of Seller's execution of this Agreement, the JPAs have adopted resolutions approving the sale of the JPA Properties pursuant to this Purchase and Sale Agreement to the extent required pursuant to Government Code Section 14670.13 on the condition that there will be a Defeasance of the Bonds for the JPA Properties at the Close of Escrow and subject to the satisfaction of certain conditions set forth therein and in this Agreement.

Certain Properties, or interests in the Properties (described in sections 1.1.9-1.1.11, and collectively the "SPWB Properties"), are owned by the State of California. The SPWB Properties are subject to agreements between the Seller and the State Public Works Board ("SPWB") and leased to the Seller, as lessee, pursuant to various leases ("SPWB Facility Lease Agreements"). These Properties or interests in the Properties, along with the SPWB Facility Lease Agreements, serve as security for Bonds issued by the SPWB to finance the acquisition and/or construction of certain of the Improvements. Pursuant to the terms of the SPWB Facility Lease Agreements, upon the deposit of funds sufficient to Defeasance the Bonds with the State Treasurer, as trustee for the SPWB, title to the Properties will remain in the State of California and jurisdiction will vest in the Seller. As of the date of Seller's execution of this Agreement, the SPWB has adopted resolutions approving the sale of the SPWB Properties pursuant to this Purchase and Sale Agreement to the extent required pursuant to Government Code Section 14670.13 on the condition that there will be a Defeasance of the Bonds for the SPWB Properties at the Close of Escrow subject to the satisfaction of certain conditions set forth therein and in this Agreement.

"Bonds" means, collectively, the lease revenue bonds described in Exhibit B to this Agreement.

"Defeasance" or "Defeasance" means the deposit of funds and/or permitted investment securities in accordance with the Indenture pursuant to which a series of Bonds was issued, which deposit, together with the satisfaction of any other preconditions to defeasance set forth in the applicable Indenture, results in such series of Bonds being deemed to have been paid and no longer outstanding pursuant to the applicable Indenture, which causes the agreements, including all lease agreements, covenants and other obligations of the SPWB or the JPAs for their respective series of Bonds to cease and terminate, all as and to the extent set forth in the applicable Indenture for such series of Bonds and the related leases.

"Defeasance Costs" means all of the costs and expenses related to the Defeasance of the Bonds as determined by the State Treasurer, as trustee or fiscal agent, and by SPWB or the JPAs for their respective Bonds, including without limitation deposits to the escrow funds for the Bonds as provided in the Defeasance Documents, payment of all arbitrage rebate amounts relating to the Bonds, any expenses associated with a Voluntary Closing Agreement with the Internal Revenue Service, and expenses for the verification agent, bond counsel, escrow agent, bond trustee and others relating to the Defeasance of the Bonds.

"Defeasance Documents" means the agreements, certificates, opinions and other documents set forth in Exhibit B-1 to this Agreement.

"Indenture" means each indenture or trust agreement providing for the issuance of one or more series of the Bonds, as originally executed and thereafter amended and supplemented, as applicable.

"State Treasurer" means the Treasurer of the State of California or his delegates(s) acting as trustee or fiscal agent for the Bonds.

To the extent that the Bonds on one or more of the individual "Properties," as that term is defined in Section 1.1 below, are not timely Defeased resulting in the inability to transfer one or more such Properties to Purchaser as contemplated herein, then in such event the terms of Section 3.2.5 of this Agreement shall be applicable to Purchaser's rights and obligations to purchase, and Seller's rights and obligations to sell, the Properties.

SECTION 1
PURCHASE AND SALE

1.1 Subject to the terms and conditions of this Agreement, Seller hereby agrees to sell, transfer and convey to Purchaser, and Purchaser hereby agrees to purchase from Seller, all of Seller's right, title and interest in and to the following properties (individually, each a "Property" and collectively, the "Properties");

1.1.1 That certain parcel of land located in the City of Rancho Cordova, Sacramento County, California, with the following street address: 3650 Schriever Avenue, which is legally described on Exhibit A, together with any and all hereditaments, privileges and easements belonging thereto (collectively, the "Cal EMA Land" and referred to herein as the "Cal EMA Building");

1.1.2 That certain parcel of land located in the City of Sacramento, Sacramento County, California, with the following street address: 4949 Broadway, which is legally described on Exhibit A-1, together with any and all hereditaments, privileges and easements belonging thereto (collectively, the "DOJ Land" and referred to herein as the "DOJ Building");

1.1.3 That certain parcel of land located in the City of Santa Rosa, Sonoma County, California, with the following street address: 50 D Street, which is legally described on Exhibit A-2, together with any and all hereditaments, privileges and easements belonging thereto (collectively, the "Rattigan Land" and referred to herein as the "Rattigan Building");

1.1.4 Those certain parcels of land located in the City and County of San Francisco, California, with the following street addresses: 350 McAllister Street and 455 Golden Gate Avenue, which is legally described on Exhibit A-3, together with any and all hereditaments, privileges and easements belonging thereto (collectively, the "Civic Center Land" and referred to herein as the "Civic Center Complex");

1.1.5 That certain parcel of land located in the City and County of San Francisco, California, with the following street address: 505 Van Ness Avenue, which is legally described on Exhibit A-4, together with any and all hereditaments, privileges and easements belonging thereto (collectively, the "PUC Land" and referred to herein as the "PUC Building");

1.1.6 That certain parcel of land located in the City of Oakland, Alameda County, California, with the following street address: 1515 Clay Street, which is legally described on Exhibit A-5, together with any and all hereditaments, privileges and easements belonging thereto (collectively, the "Elihu Harris Land" and referred to herein as the "Elihu Harris Building");

1.1.7 That certain parcel of land located in the City of Los Angeles, Los Angeles County, California, with the following street address: 300 South Spring Street, which is legally described on Exhibit A-6, together with any and all hereditaments, privileges and easements belonging thereto (collectively, the "Junipero Serra Land" and referred to herein as the "Junipero Serra Building");

1.1.8 That certain parcel of land located in the City of Los Angeles, Los Angeles County, California, with the following street address: 320 West 4th Street, which is

legally described on Exhibit A-7, together with any and all hereditaments, privileges and easements belonging thereto (collectively, the "Reagan Land" and referred to herein as the "Reagan Building");

1.1.9 That certain parcel of land located in the City of Sacramento, Sacramento County, California, with the following street address: 1300 I Street, which is legally described on Exhibit A-8, together with any and all hereditaments, privileges and easements belonging thereto (collectively, the "Attorney General Land" and referred to herein as the "Attorney General Building");

1.1.10 Those certain parcels of land located in the City of Sacramento, Sacramento County, California, with the following street addresses: 1430 N Street, 1500 through 1616 Capitol Avenue and 1214 17th Street, which is legally described on Exhibit A-9, together with any and all hereditaments, privileges and easements belonging thereto (collectively, the "East End Complex Land" and referred to herein as the "East End Complex Buildings");

1.1.11 Those certain parcels of land located in the County of Sacramento, California, with the following street addresses: 9645 Butterfield Way, (through 9696 Butterfield Way which are listed as such for convenience) which is legally described on Exhibit A-10 and A-11, together with any and all hereditaments, privileges and easements belonging thereto (collectively, the "FTB Land" and referred to herein as the "FTB Buildings"); and

1.1.12 The "Cal EMA Land," "DOJ Land," "Rattigan Land," "Civic Center Land," "PUC Land," "Elihu Harris Land," "Junipero Serra Land," "Reagan Land," "Attorney General Land," "East End Complex Land" and "FTB Land" shall be known collectively as the "Land". The buildings, structures, improvements and fixtures located on the Land (collectively, the "Improvements"); the Land and the Improvements are collectively referred to as the "Real Property" or "Property" or "Properties").

1.2 The term "Property" shall include (i) all equipment, appliances, tools, machinery, supplies, building materials and other tangible personal property owned by Seller and attached to the Improvements located at each such Property, (ii) all tangible equipment, appliances, tools, machinery, supplies, building materials and other tangible personal property which is used in connection with the ownership, maintenance and/or operation of the Improvements and located in (a) engineer's office, (b) engineer's break room, (c) security room, or (d) repair/maintenance shop, (iii) all solar electric generating systems owned by Seller and (iv) all licenses, permits, keys, access cards, warranties, as-built and other construction plans relating to the Improvements, and property records relating to the construction, operation, entitlements, repair and maintenance of the Improvements or the Real Property (the "Personal Property"), if any. However, Personal Property shall include, without limitation, the property identified in Exhibit II, but shall not include Seller's furniture, fixtures and equipment including but not limited to furniture, filing systems, office equipment, all artwork, refrigerators and microwave ovens installed in the Real Property which are and shall remain the property of Seller and that Seller shall have the right to remove any of said furniture, fixtures or equipment or install additional furniture, fixtures or equipment at any time during the term of the Lease and any extended term. The Purchaser specifically acknowledges and agrees that all artwork and historical memorabilia located in the Real Property, whether affixed or unaffixed, is and shall remain the property of the

Seller and that the Judicial Branch Entities, particularly the Supreme Court, have caused works of art and historical memorabilia to be attached and affixed to the Real Property and Purchaser agrees that it will not remove, relocate or dispose of any artwork or historical memorabilia in any part of the Real Property. Except for the Personal Property, there is no other personal property owned by Seller, located at the Real Property, or used solely in connection with Seller's ownership and operation of the Real Property that will be transferred to Purchaser.

1.3 There are no assignable service contracts, warranties, licenses, franchises, and permits related to the Properties (collectively, the "Contracts") that will be transferred to Purchaser.

1.4 The Seller and Purchaser agree, at Closing, to enter into leases for the Real Property in accordance with the terms, conditions and in the form attached as Exhibit D-D10 (the "Leases").

1.5 Seller and Purchaser acknowledge and agree that Seller has pre-existing leases with third parties (the "**Third Party Leases**") and that Seller shall have the right to continue the Third Party Leases and/or to enter into new Third Party Leases in accordance with the terms and conditions of the Third Party Leases, and that Seller shall have the right to collect all rents from the lessees under such Third Party Leases; provided, however, Seller shall cause each lessee under each such Third Party Lease to subordinate such Third Party Lease in writing to the applicable Lease. In the event such lessee refuses to subordinate its Third Party Lease, then Seller shall terminate such Third Party Lease (to the extent Seller has such right pursuant to the terms of the applicable Third Party Lease). In the event Seller is unable to cause the lessee of a particular Third Party Lease to subordinate its lease to the particular Lease and is unable to terminate such Third Party Leases, then Seller shall not renew or extend the term of such Third Party Lease beyond its current expiration date (unless such lessee has an existing renewal or extension right pursuant to the terms of the applicable Third Party Lease, in which event Seller shall not renew or extend the term beyond the period for which Seller is contractually obligated to renew or extend, but after expiration of the term of the applicable Third Party Lease, Seller may enter into a new lease with such tenant who will be a subtenant of Seller under the particular Lease). In such event, such third party shall become a direct tenant of Purchaser, if necessary, and Seller and Purchaser shall cooperate to make such direct tenancy economically neutral to Seller and Purchaser, and such direct tenancy shall not affect or modify the terms of the Lease. A list of all Third Party Leases is attached hereto as Exhibit F.

Notwithstanding the foregoing, except with respect to the Third Party Leases, Seller hereby agrees that upon and after the Closing, Purchaser's interest in the Properties shall not be subject to any other leases, licenses or other contracts or agreements and that all future leases to third parties will be as a subtenant to Seller.

SECTION 2 PURCHASE PRICE

2.1 Purchase Price: Delivery. Purchaser shall pay to Seller, as the purchase price for the Properties, the amount of Two Billion Three Hundred Thirty Million Dollars (\$2,330,000,000) (the "Purchase Price"), which shall be apportioned as follows:

Cal EMA Building	\$45,649,946
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DOJ Building	\$81,788,420
Rattigan Building	\$16,485,042
Civic Center Complex	\$384,429,516
PUC Building	\$99,221,116
Elihu Harris Building	\$201,500,585
Junipero Serra Building	\$105,917,337
Reagan Building	\$185,237,867
Attorney General Building	\$151,615,606
East End Complex Buildings	\$538,117,056
FTB Buildings	\$520,037,509

Purchaser shall have the right to adjust the foregoing allocation of values based on appraisals conducted by or on behalf of Purchaser's lender(s); provided, however, if the Closing occurs for any reason with respect to less than all eleven (11) Properties, then the Purchase Price applicable to such Closing shall be based on the values set forth above without any adjustment whatsoever.

2.1.1 Deposit. Within five (5) Business Days (as defined in Section 9.6) following the Purchaser Execution Date, Purchaser shall deposit with First American Title Insurance Company (which entity may be referred to herein as the "Title Company") and/or as the "Escrow Agent"), the amount of Five Million Dollars (\$5,000,000) (together with any accrued interest and as it may be increased in accordance with the following sentence, the "Earnest Money"). Purchaser shall deposit with Escrow Agent, an additional amount of Fifty Million Dollars (\$50,000,000) (which amount shall deemed part of the "Earnest Money") within five (5) Business Days (as defined in Section 9.6) after the expiration of the thirty day notice Seller has submitted to the Legislature as required by Government Code Section 14670.13. Notwithstanding anything to the contrary contained in this Agreement, the failure of Purchaser to deposit one or both portions of the Earnest Money shall not be considered a default under this Agreement and this Agreement shall automatically terminate if Purchaser does not deposit both portions of the Earnest Money with Escrow Agent by such respective dates and upon such termination Purchaser will be entitled to the deposited Earnest Money. Any extension of the deposit dates needs to be agreed to by the parties.

2.1.2 Balance of the Purchase Price. Subject to the adjustments set forth in Sections 5.3 and 5.4, Purchaser shall deliver the balance of the Purchase Price to Escrow Agent as confirmed by Escrow Agent before the close of business on the last Business Day immediately before Closing Date (as defined in Section 5.1). The deposit shall be made by wire transfer of immediately available funds in accordance with the terms and conditions of this Agreement and in accordance with the amount stated on the Settlement Statement (as defined in Subsection 5.5.9). Thereafter, at Close of Escrow pursuant to instructions provided by Purchaser and Seller (and the JPAs, State Treasurer and SPWB, as necessary), funds shall be released by wire transfer of immediately available funds to the State Treasurer to Defeas the Bonds and pay the Defeasance Costs.

SECTION 3
DELIVERIES, INSPECTION AND REPRESENTATIONS

3.1 Inspection.

3.1.1 No Contingency. Purchaser has inspected the Real Property and has determined that the Real Property is suitable to purchase in Purchaser's sole discretion. The Earnest Money shall, except as otherwise specifically set forth herein, be non-refundable to Purchaser and Purchaser shall be conclusively deemed to have approved all aspects of the Property.

3.1.2 Deliveries. Seller has already (i) delivered to Purchaser copies of, (ii) made available for inspection by the Purchaser at the offices of the Seller or its property manager, and/or (iii) provided Purchaser with access to a website with, but not limited to, the following (to the extent such materials are in Seller's possession):

- (a) The most current survey of the Property (the "Existing Survey");
- (b) Estimated year 1 operating budgets showing estimated revenues and operating expenses of the Property for the first fiscal year;
- (c) Plans, specifications and drawings for the Property;
- (d) Forms of the Leases (as described in Section 1.4), and Purchaser has delivered to Escrow executed Leases; and

(e) Any existing physical inspection or environmental reports prepared at Seller's request.

(the above, as well as any other documents or information provided by Seller to Purchaser, the "Property Documents"). By executing this Agreement, Purchaser is acknowledging receipt and/or access to all of the Property Documents.

3.1.3 Copies of Documents for Inspection. Purchaser, at its expense, may make copies of the Property Documents. If this Agreement is terminated for any reason prior to Closing, Purchaser shall promptly return all Property Documents (and any copies thereof) in its possession or control to Seller.

3.1.4 No Representations as to Property Documents. Purchaser acknowledges that the Property Documents and any other information provided by Seller or its agents to Purchaser, are provided or made available for inspection with no representations or warranties as to the truth, accuracy, completeness, methodology of preparation of the Property Documents, or otherwise, of any kind, including without limitation any reports or audits or any other materials, data or other information supplied to Purchaser in connection with Purchaser's inspection of the Property. Except to the extent of any representations or warranties expressly set forth in this Agreement, Seller expressly disclaims any such representation or warranty. Purchaser acknowledges that the Property Documents are provided only for Purchaser's convenience as a starting point for commencing Purchaser's own examination of the Property. Purchaser agrees that it will rely exclusively on its own independent investigation and evaluation of every aspect of the Property and not on the Property Documents supplied by Seller. Purchaser expressly disclaims any intent and waives any right to rely on any of the Property Documents provided to

it by Seller, and agrees that it shall rely solely on its own independently developed or verified information.

3.1.5 Right of Entry; Limitations.

(a) Right of Entry. Purchaser and its employees, agents and independent contractors, at Purchaser's sole risk, shall have from and after the Effective Date the right to enter the Properties during normal business hours and upon prior notice to Seller to inspect the same, perform surveys, engineering studies, environmental assessments, and other tests and for other investigations and activities consistent with the purposes of this Agreement. Purchaser must provide Seller with at least forty-eight (48) hours prior notice of any such entry and Seller has the right to be present during any such entry and to observe any survey, testing or other investigation. Purchaser is solely responsible for the costs of any such entry, survey, testing, investigation and restoration, and shall indemnify Seller against any cost thereof.

(b) Limitations. Purchaser must not, under any circumstances, compromise or affect the structural integrity of the Improvements or violate any applicable law, rule or regulation. Neither Purchaser nor any of its agents, representatives or independent contractors may contact any tenant at the Property or Seller's service providers and vendors unless Seller has been given reasonable prior notice and, (i) a representative for Seller is present during any such contact or communication, or (ii) Seller has waived, in writing (which writing may be by email), its right to be present during such meeting. Purchaser must obtain Seller's prior written approval, which Seller may withhold in its sole and absolute discretion, of the scope and method of any physically intrusive inspection, testing or investigation of the Properties, including, but without limitation, any inspection which would involve taking subsurface borings or related investigations, and any inspection that would alter the physical condition of the Properties. The right of entry granted in this Agreement is subject to the rights of any grantees under any existing easements (recorded and unrecorded) and the rights of tenants of the Properties, and Purchaser shall not interfere with the rights of such grantees and tenants.

(c) Restoration and Indemnity. Purchaser shall restore the Properties to their condition existing immediately prior to Purchaser's inspection thereof. Purchaser agrees to indemnify, defend and hold harmless Seller, its members, agents, employees, officers, directors, affiliates, counsel, advisors and asset managers for any loss, liability, claims, damage, cost or expense arising out of or in connection with Purchaser's or its agents acts on the Properties including, but not limited to, mechanic's and materialmen's liens filed against Seller or the Properties and Purchaser's failure to restore the Properties as required in this Subsection 3.1.5(c). Purchaser's obligations pursuant to this Subsection shall survive and be enforceable after the Closing or earlier termination of this Agreement.

(d) Copies of Reports. If Purchaser does not purchase a Property, Purchaser shall deliver copies of any final reports Purchaser obtains in connection with such inspection to Seller, including, without limitation, any Phase I environmental site assessment performed by or on behalf of Purchaser. Any such delivery shall be made without recourse to Purchaser nor any representation or warranty from Purchaser.

(c) Insurance. Purchaser shall maintain a policy of comprehensive general liability insurance, with a single combined limit of not less than Two Million Dollars (\$2,000,000), insuring all activity and conduct of Purchaser and its agents, representatives and independent contractors during any such entry, including contractual liability coverage. Seller

shall be named as additional insured on such comprehensive general liability policy, and Purchaser shall provide proof of such insurance to Seller, in a form reasonably acceptable to Seller, prior to any such entry.

(f) Governmental Approvals. Nothing contained in this Agreement shall be construed as authorizing Purchaser to apply for a zoning change, variance, subdivision maps, lot line adjustment, or other discretionary governmental act, approval or permit with respect to the Real Property prior to the Closing, and Purchaser agrees not to do so. Purchaser agrees not to submit any reports, studies or other documents, including, without limitation, plans and specifications, impact statements for water, sewage, drainage or traffic, environmental review forms, or energy conservation checklists to any governmental agency, or any amendment or modification to any such instruments or documents prior to the Closing, except to the extent required to do so under applicable law. Purchaser's obligation to purchase the Real Property is not subject to or conditioned upon Purchaser's obtaining any variances, zoning amendments, subdivision maps, lot line adjustment or other discretionary governmental act, approval or permit.

3.1.6 Third Party Use and Reliance Letters. To the extent that any of the Property Documents include reports, surveys, inspections or certification prepared or made by a third party, then, if requested by Purchaser, Seller agrees to use commercially reasonable efforts to cause the preparer of such Property Document to deliver a commercially reasonable use and reliance letter to Purchaser granting Purchaser the right to reasonably rely of the data contained in such Property Document.

3.2 Title and Survey.

3.2.1 Title Commitment. Prior to the Purchaser Execution Date, Seller obtained, from the Title Company, and delivered to Purchaser, A.L.T.A. commitments for policies of title insurance with respect to the Properties issued by the Title Company as described in Exhibit B-2 (the "Title Commitments"), along with a copy of each instrument listed as an exception thereon. The contact for the Title Company is Ms. Valerie Curry, Assistant Vice President, 777 S. Figueroa Street, Suite 400, Los Angeles, California 90017; Direct: (213) 271-1731, Email: vcurry@firstam.com. A copy of the Title Commitments is attached hereto as Exhibit B-2.

3.2.2 Title Objections. Purchaser has examined the Title Commitments and the Existing Survey and, except as set forth in Section 3.2.5, below, there are no unapproved conditions. Except with respect to the "Disapproved Exceptions," as that term is defined in Section 3.2.5, below, the matters shown in the Title Commitment and the Existing Survey shall be referred to as "Approved Title Matters."

3.2.3 "Permitted Encumbrances" means: (a) all of the Approved Title Matters; (b) all matters which would be disclosed by a current survey of the Real Property; (c) all matters of public record; (d) any "Purchaser's Title Objections," as that term is defined in Section 3.2.4, below, that remain uncured as of the Closing Date and which Purchaser has waived pursuant to 3.2.4 (c).

3.2.4 Purchaser may, at or prior to Closing, notify Seller in writing of any additional objections to title to the Real Property (a) raised by the Title Company between the Purchaser Execution Date and the Closing, and (b) not disclosed by the Title Company or

otherwise known to Purchaser prior to the Purchaser Execution Date, provided that Purchaser must notify Seller of such new objection (the "Purchaser Title Objections") to title within two (2) Business Days of obtaining notice or knowledge of the existence of such matter (the "Purchaser Title Objections Notice"). The Title Objection Notice shall state with specificity the reasons for Purchaser's objection and the curative steps requested by Purchaser which would remove the basis for Purchaser's objection. Seller shall notify Purchaser of whether it intends to cure any or all of Purchaser's Title Objections within two (2) Business Days of receipt of a Title Objection Notice. If Seller fails to notify Purchaser of whether or not it intends to cure any or all of the Purchaser's Title Objections within such two (2) Business Day period, Seller shall be deemed to have notified Purchaser that it will not cure any of Purchaser's Title Objections. If Seller confirms in writing that it will cure some or all of Purchaser's Title Objections, Seller is allowed until the Closing Date to cure Purchaser's Title Objections, but has no obligation to do so. If Seller agrees to cure of any of Purchaser's Title Objections and such cure is not completed prior to the Closing Date, or if Seller notifies Purchaser that it does not intend to cure all of Purchaser's Title Objections or is deemed to have elected not to cure Purchaser's Title Objections, then, by providing written notice of Purchaser's election within one (1) Business Day of Purchaser's receipt of Seller's notice or deemed notice, or on the Closing Date with respect to any matter which Seller agrees to cure but remains uncured on Closing Date, whichever is applicable, Purchaser may elect to do one of the following:

(a) Terminate this Agreement and receive a refund of the Earnest Money in which case neither party shall have any further liability to the other except for obligations that expressly survive the termination of this Agreement (the "**Surviving Obligations**"); or

(b) Terminate this Agreement with respect to only the Real Property that is the subject of the Title Objection Notice, in which case neither party shall have any further liability to the other with respect to such Real Property except for Surviving Obligations, and proceed to purchase the balance of the Real Property; or

(c) Waive one or more of the uncured Purchaser's Title Objections and proceed to Closing.

If Purchaser does not give notice of its election to terminate this Agreement under Subsection 3.2.4(a) or to proceed to Closing under Subsection 3.2.4(b) or Subsection 3.2.4(c) to be effective within said one (1) Business Day period, or on the Closing Date with respect to any matter which Seller agrees to cure but remains uncured on Closing Date, Purchaser shall be deemed to have elected to waive Purchaser's Title Objections and proceed to Closing under Subsection 3.2.4(c).

The Closing Date shall be extended to accommodate the cure and response periods set forth in Section 3.2.4 and to occur one Business Day after the expiration of the last of such cure and response periods if this Agreement is not terminated pursuant to Section 3.2.4.

3.2.5 Disapproved Exceptions. The parties anticipate that, upon payment of the Purchase Price into escrow and the release of funds to the State Treasurer, as trustee, (i) the Bonds on each of the SPWB Properties shall be timely Defeased and that jurisdiction to such SPWB Properties shall vest with Seller at Closing, and (ii) the Bonds issued by the JPAs shall be timely Defeased and that title to such JPA Properties shall vest with Seller at Closing, in which event the title exceptions (the "**Disapproved Exceptions**") set forth on Exhibit B-3,

attached hereto, shall be removed from the Title Commitments. To the extent that one or more of the Disapproved Exceptions are not timely removed from the Title Commitments (such Properties with remaining Disapproved Exceptions, the "**Unavailable Properties**"), then Seller shall provide Purchaser notice (a "**Title Failure Notice**") of such failure at least five (5) business days prior to the then scheduled Closing Date, which Title Failure Notice shall set forth the date by which Seller's reasonably anticipates that all such remaining Disapproved Exceptions shall be removed from the Title Commitments and that the date that Closing with respect to such Unavailable Properties can occur. In the event Seller delivers a Title Failure Notice to Purchaser, then (a) the Closing with respect to the unaffected Properties shall occur as scheduled and the Purchase Price then payable shall be reduced by the amounts allocated to such Unavailable Properties in Section 2.1 above (without regard to any adjustments of such amounts pursuant to the last paragraph of Section 2.1 of this Agreement), and (b) the Closing with respect to the Unavailable Properties shall be delayed until the date set forth in the Title Failure Notice and the Purchase Price shall be reduced by the amount allocated to such Unavailable Properties in Section 2.1 above (without regard to any adjustments of such amounts pursuant to the last paragraph of Section 2.1 of this Agreement). If Seller delivers a Title Failure Notice to Purchaser, then Seller shall continue to have the right to deliver subsequent Title Failure Notices delaying the Closing with respect to one or more Unavailable Properties; provided, however, (x) Seller shall use commercially reasonable efforts to cause the Closing to occur in a timely manner, and (y) in any event Seller shall not have the right to delay the Closing beyond January 31, 2011, and this Agreement shall terminate as to any **Unavailable Properties** on January 31, 2011 and neither party shall have any claims against the other party as a result of such termination as to any **Unavailable Properties**.

3.2.6 Seller has entered into a contract with the Title Company to provide title and escrow services, a copy of which is attached hereto as **Exhibit G**. The contract provides that under certain circumstances the Title Company will be entitled to payment from Purchaser for services rendered under the contract. Purchaser has reviewed the contract and acknowledges and agrees to its obligations under the contract with the Title Company.

SECTION 4 **REPRESENTATIONS AND WARRANTIES**

4.1 **Purchaser's Representations and Warranties.** Purchaser represents and warrants to Seller that as of the Purchaser Execution Date and as of the Closing Date:

4.1.1 **Authority.** Purchaser is a Delaware limited partnership, duly organized and in good standing under the laws of the State of Delaware and authorized to do business in the State of California, and has the power to enter into this Agreement and to execute and deliver this Agreement and to perform all duties and obligations imposed upon it hereunder, and Purchaser has obtained all necessary corporate, partnership, limited liability company, or other organizational authorizations required in connection with the execution, delivery and performance of this Agreement and the transaction contemplated herein and has obtained the consent of all entities and parties (whether private or governmental) necessary to bind Purchaser to this Agreement.

4.1.2 **No Conflicts.** Neither the execution nor the delivery of this Agreement, nor the consummation of the purchase and sale transaction contemplated hereby, nor the

fulfillment of or compliance with the terms and conditions of this Agreement conflict with or will result in the breach of any of the terms, conditions or provisions of any agreement or instrument to which Purchaser is a party or by which Purchaser or any of Purchaser's assets is bound.

4.1.3 Litigation. There is no action, suit or proceeding pending or threatened against Purchaser in any court or by or before any other governmental agency or instrumentality which would materially and adversely affect the ability of Purchaser to carry out the transactions contemplated by this Agreement.

4.1.4 Bankruptcy. Purchaser has no threatened, pending or actual (i) general assignments for the benefit of creditors, (ii) involuntary petitions in bankruptcy or involuntary petitions by Purchaser's creditors, (iii) appointments of a receiver to take possession of all or substantially all of Purchaser's assets, (iv) attachments or other judicial seizure of all, or substantially all, of Purchaser's assets, (v) inability to pay its debts as they come due, or (vi) offers of settlement, extension or composition to its creditors generally.

4.1.5 Due Diligence Representation. Purchaser represents and warrants to Seller that Purchaser (i) is an experienced and sophisticated purchaser of properties such as the Property, (ii) is specifically familiar with the Property, and (iii) has inspected and examined all aspects of the Property and its current condition that Purchaser believes to be relevant to its decision to consummate its purchase of the Property.

4.1.6 Purchaser represents that 1) the fund of Purchaser is "USA" PATRIOT Act and US Bank Secrecy Act compliant; 2) none of the investors that control the fund of Purchaser would be considered a "Scrutinized" company under the Darfur Contracting Act (Public Contract Code sections 10475 through 10481); and 3) none of the investors that control the fund of Purchaser is a Publicly Held US Corporation identified as Expatriating to Offshore Tax Havens by the State Treasurer. "Control," as used in this Section 4.1.6, shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person or entity, or ownership of any sort, whether through the ownership of voting securities, by contract or otherwise.

This Section 4.1 shall survive the Closing or earlier termination of this Agreement for a period of six (6) months.

4.2 Seller's Representations and Warranties. Seller represents and warrants to Purchaser that, as of the date Seller executes this Agreement and as of the Closing Date:

4.2.1 Authority. Seller is a department of the State of California, duly organized under the laws of the State of California and in accordance with the Government Code Section 14670.13 has the power to enter into this Agreement and to execute and deliver this Agreement and to perform all duties and obligations imposed upon it hereunder, and Seller has obtained all necessary approvals required in connection with the execution, delivery and performance of this Agreement and the transaction contemplated herein and has obtained the consent of all entities and parties (whether private or governmental) necessary to bind Seller to this Agreement.

4.2.2 Intentionally Omitted.

4.2.3 Condemnation. Seller has not received written notice of any condemnation proceedings which would materially impair the current use and operation of the Property.

4.2.4 Litigation. Except for matters covered by insurance, no litigation has been served upon Seller, nor To Seller's Knowledge (as defined in Section 4.2.7) has been filed, nor has Seller received written notice of any threatened litigation that will have a material adverse effect on Seller's ability to consummate the transaction contemplated by this Agreement.

4.2.5 Not Foreign Person. Seller is not a foreign person within the meaning of Section 1445 of the Internal Revenue Code of 1986, as amended.

4.2.6 Violations. To Seller's Knowledge, neither the Property, nor any portion thereof, is in material violation of any law, rule or regulation affecting the Property which has not been cured as of the Effective Date or otherwise disclosed to Purchaser, or if such matter arises after the Effective Date, as of the Closing Date.

4.2.7 Right to Update. Prior to the Closing Date, Seller may notify Purchaser in writing of any facts, conditions or circumstances which come to Seller's Knowledge that occur after the Effective Date that render any of the representations and warranties set forth in this Section 4.2 in any way inaccurate, incomplete, incorrect or misleading. In the event of any update to Seller's warranties and representations, Seller shall not be in default hereunder and shall have no liability as a result thereof. If an updated representation or warranty has a material adverse effect on the use of the Property or Seller's ability to consummate the transaction contemplated by this Agreement, Purchaser's sole right and remedy as a result thereof shall be the right to terminate this Agreement as to the affected Property by giving written notice thereof to Seller, and thereupon neither party shall have any further rights or obligations, hereunder, as to the affected Property, except for Surviving Obligations. The warranties and representations set forth in this Section 4.2 shall survive Closing for a period of six (6) months. "**To Seller's Knowledge**" means the present actual (as opposed to constructive or imputed) knowledge solely of Robert McKinnon, Gerald McLaughlin, and Mike Butler, employees of the Department of General Services for the State of California, without any independent investigation or inquiry whatsoever. Such individuals are named in this Agreement solely for the purpose of establishing the scope of Seller's knowledge. Such individuals shall not be deemed to be parties to this Agreement or to have made any representations or warranties hereunder, and no recourse shall be had to such individuals for any of Seller's representations and warranties hereunder (and Purchaser hereby waives any liability of or recourse against such individuals). "**To Purchaser's Knowledge**" means the present actual (as opposed to constructive or imputed) knowledge solely of Mr. Rich Mayo and Mr. Chandra Patel, principals, officers and/or employees of ACRE, LLC, without any independent investigation or inquiry whatsoever. Such individuals are named in this Agreement solely for the purpose of establishing the scope of Purchaser's knowledge. Such individuals shall not be deemed to be parties to this Agreement nor to have made any representations or warranties hereunder, and no recourse shall be had to such individuals for any of Purchaser's representations and warranties hereunder (and Seller hereby waives any liability of or recourse against such individuals).

4.3 "AS IS" SALE. PURCHASER ACKNOWLEDGES THAT IT HAS HAD ADEQUATE OPPORTUNITY TO INSPECT THE PROPERTY, AND THAT PURCHASER SHALL RELY SOLELY ON ITS OWN INVESTIGATION OF THE PROPERTY, AND

ACCEPTS THE RISK THAT ANY INSPECTION MAY NOT DISCLOSE ALL MATERIAL MATTERS AFFECTING THE PROPERTY. SUBJECT ONLY TO THE TERMS OF SECTIONS 4.2, 6.1 AND 6.2, PURCHASER AGREES TO ACCEPT THE PROPERTY IN ITS "AS IS" "WHERE IS" AND "WITH ALL FAULTS" CONDITION AT CLOSING, WITHOUT ANY RIGHT OF SET-OFF OR REDUCTION IN THE PURCHASE PRICE. PURCHASER FURTHER AGREES, EXCEPT AS OTHERWISE PROVIDED IN SECTION 4.2, TO ACCEPT THE PROPERTY WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS, IMPLIED OR OTHERWISE, INCLUDING WITHOUT LIMITATION AS TO THE: (A) VALUE, NATURE, QUALITY OR PHYSICAL CONDITION OF THE PROPERTY; (B) INCOME DERIVED FROM THE PROPERTY; (C) MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS OF THE PROPERTY FOR A PARTICULAR PURPOSE; (D) COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY GOVERNMENTAL AUTHORITY OR BODY; (E) MANNER OR QUALITY OF CONSTRUCTION OR MATERIALS INCORPORATED INTO THE PROPERTY; (F) MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (G) THE ENVIRONMENTAL CONDITION OF THE PROPERTY; OR (H) ANY OTHER MATTER REGARDING THE PROPERTY, AND SELLER EXPRESSLY DISCLAIMS EACH AND EVERY SUCH REPRESENTATION AND WARRANTY. THE PROVISIONS OF THIS SECTION 4.3 SHALL SURVIVE THE CLOSING.

4.4 RESERVED

SECTION 5
CLOSING

5.1 Closing. The closing of the purchase and sale transaction contemplated in this Agreement (the "Closing") shall take place on the date that occurs thirty (30) days following the Effective Date (the "Closing Date"), subject to any extension as set forth herein.

5.2 Possession. Possession of the Property, subject to the rights and obligations pursuant to the Leases and preexisting Third Party Leases, shall be delivered to Purchaser at the Closing.

5.3 Proration. The following adjustments will be made to the Purchase Price at Closing.

5.3.1 General. All prorations made under this Section 5.3 with respect to the Properties for the month in which the Closing occurs shall be prorated as of 11:59 p.m. Pacific Time on the day immediately preceding the Closing Date (the "Adjustment Date").

5.3.2 Taxes.

(a) General. Real estate, ad valorem, and personal property taxes and other state, county and municipal taxes (collectively, "Real Estate Taxes") for the Current Tax Period (defined below) shall be prorated between Seller and Purchaser as of the Closing Date. Seller is responsible for (i) all such taxes for all calendar years occurring prior to the Current Tax

Period and (ii) that portion of such taxes for the Current Tax Period determined on the basis of the number of days which have elapsed from the first day of the Current Tax Period to the Closing Date, inclusive, whether or not the same shall be payable prior to the Closing. The phrase "Current Tax Period" refers to the calendar year of the applicable taxing authority in which the Closing occurs. In the event that as of the Closing the actual tax bills for the year or years in question are not available and the amount of taxes to be prorated as aforesaid cannot be ascertained, then the proration shall be based on the Real Estate Tax bills for the prior year and such proration shall be a final settlement. If the transaction contemplated by this Agreement closes, Purchaser shall be responsible for any increases in real estate taxes as a result of the sale of the Property. Except as otherwise specified above Purchaser will be responsible for the Real Estate Taxes.

(b) Special Assessments. Purchaser shall assume all special assessments (and charges in the nature of or in lieu of such assessments) levied, pending or constituting a lien with respect to any of the Real Property as of the Adjustment Date, to the extent applicable to the period on or after the Closing Date.

5.3.3 Security Deposits. All prepaid rents and all unused, refundable security deposits (if any) in the possession or control of Seller (together with any interest accrued thereon if interest is specifically required to be paid thereon under applicable law or under the terms of the Third Party Leases) at Seller's option shall belong to Seller and not subject to adjustment. Any funds, including but not limited to rents, security deposits or reserve funds related to Bonds, shall remain the property of the issuer of such Bonds and remitted pursuant to the agreements for the Bond.

5.3.4 Insurance. Seller shall cancel any insurance policies maintained by Seller with respect to the Property as of the Closing Date, and Seller shall be entitled to any refund of insurance premiums with respect thereto.

5.3.5 Utility Deposits.

(a) All deposits, if any, with utilities provided for the Property shall be the responsibility of Seller if Seller is responsible for such utilities under the Leases. Purchaser shall be responsible for all other deposits and Seller shall be entitled to a refund for any deposits, if any, that were made by Seller but that are the Purchaser's responsibility.

5.3.6 Reproration. In the event any prorations or computations made under this Section 5.3 are based on estimates or prove to be incorrect, then either party shall be entitled to an adjustment to correct the same, provided that it makes written demand on the party from whom it is entitled to such adjustment on or before December 31, 2010. The agreements of Seller and Purchaser set forth in this Section 5.3 shall survive the Closing, subject to Section 7.1.

5.4 Closing Costs.

5.4.1 Paid by Purchaser. Purchaser shall pay, at the Closing, the cost to prepare the Title Commitments, the title insurance premium for the standard C.L.T.A. owner's policy of title insurance or any A.L.T.A. owner's policy (including the cost of any endorsements thereto), and all other costs and charges of the closing and consummation of the purchase and sale transaction contemplated in this Agreement, the title insurance premium for any lender's policy of title insurance, the cost of any endorsements to any title insurance policies issued, the cost of all recording, filing and documenting charges and fees to record the documents evidencing the

conveyance of the Property, sales tax, and transfer tax, the Natural Hazard Disclosure Reports, and all other costs and charges of the closing and consummation of the purchase and sale transaction contemplated in this Agreement as customarily charged to and payable by a purchaser in such transactions in the location in which the Land is situated. Purchaser shall also pay the escrow charges of the Title Company and Escrow Agent. Provided however, if Seller is entitled to record any documents at no cost, including any recording, filing and documenting charges and fees to record the documents evidencing the conveyance of the Property, sales tax, and transfer tax, then such recordings or transfers shall be done in such fashion or manner by Seller to obtain such benefits.

5.4.2 Paid By Seller. Seller shall pay, at the Closing, the Brokers Fee and shall pay (or shall have fully provided for the payment of, including, but not limited to, application of a portion of the Purchase Price) the Defeasance Costs. At Close of Escrow pursuant to instructions provided by Purchaser and Seller (and the JPAs, State Treasurer and SPWB, as necessary), funds shall be released by wire transfer of immediately available funds to the State Treasurer to Defeasance the Bonds and pay the Defeasance Costs.

5.4.3 Attorneys and Professional Fees. Notwithstanding the foregoing, each party shall pay its own attorney's fees and fees of any accountants and/or advisors incurred in connection with the transaction contemplated in this Agreement.

5.5 Seller's Obligations in Connection With the Closing. One Business Day prior to the Closing, Seller shall deliver or cause to be delivered to Escrow Agent the following, duly executed and acknowledged where applicable:

5.5.1 Deed. A grant deed or deeds (the "Deed") conveying the Real Property to Purchaser in the form of Exhibit C attached hereto.

5.5.2 Leases. Leases to the Properties between Seller and Purchaser or Purchaser's designated entities in the form of Exhibit D-D-10 attached hereto, executed by Seller.

5.5.3 California Real Estate withholding Certificate. Seller will deliver an executed California Form 593C certifying that no withholding of their sales proceeds is required.

5.5.4 Reserved.

5.5.5 FIRPTA Affidavit. An affidavit of Seller in form attached hereto as Exhibit F, and if applicable and required, any equivalent state forms, certifying that Seller is not a "foreign person," as defined in Section 1445 of the Internal Revenue Code of 1986, as amended, and in any applicable state laws for the State in which the Real Property is located.

5.5.6 Reserved.

5.5.7 Transfer Tax Forms; Other Forms. All transfer tax and other similar tax returns which Seller is required by law to execute and acknowledge and to deliver, either individually or together with Purchaser, to any governmental authority as a result of the sale.

5.5.8 Records, Files and Keys. To the extent not already delivered to Purchaser, those records and files in Seller's possession relating to operations, leasing and maintenance and all keys, access codes and such other passwords in Seller's possession related to access to the Property, provided that the parties agree to cooperate to deliver such items outside of escrow.

5.5.9 Settlement Statement. A settlement statement, showing the application of the Earnest Money against the Purchase Price, the allocation of the Closing Costs and other prorations and closing adjustments set forth in this Agreement, all consistent with the terms and conditions of this Agreement (the "Settlement Statement").

5.6 Purchaser's Obligations in Connection With the Closing. One Business Day prior to the Closing, Purchaser shall cause the following to be delivered to Escrow Agent, each duly executed and acknowledged, as applicable:

5.6.1 Purchase Price. The portion of the Purchase Price payable pursuant to Section 2.1, as adjusted pursuant to Sections 5.3 and 5.4, and such other amounts as may be due from Purchaser pursuant to the Settlement Statement, by wire transfer of immediately available funds to Seller. The Earnest Money shall be applied to and credited against the Purchase Price, and shall be disbursed to Seller by Escrow Agent at Closing.

5.6.2 Evidence of Authority. Such authorizing documents of Purchaser as shall be reasonably required by the Title Company to evidence Purchaser's authority to consummate the transactions contemplated by this Agreement.

5.6.3 Leases. Leases to the Properties between Seller and Purchaser or Purchaser's designated entities in the form of Exhibit D-D10 attached hereto executed by Purchaser or Purchaser's designated entities.

5.6.4 Reserved.

5.6.5 Transfer Tax Forms. All transfer tax and other similar tax returns which Purchaser is required by law as a result of the transaction to execute and acknowledge and to deliver, either individually or together with Seller, and Purchaser's payment of any such tax due to any governmental authority as a result of the sale.

5.6.6 Settlement Statement. A counterpart of the Settlement Statement.

5.7 Closing Escrow. Purchaser and/or Seller at their option may deposit the respective Closing deliveries described in Sections 5.5 and 5.6 with Escrow Agent with appropriate instructions for recording and disbursement consistent with this Agreement. Escrow Agent shall, upon receipt of the Leases signed by Seller and Purchase pursuant to Sections 5.5.2 and 5.6.3, respectively, assemble fully executed originals and each Lease shall insert the following required information into each Lease, if required.

5.7.1 First Page above Preamble: Insert Lessor's Fed. Tax I.D. No provided by Purchaser.

5.7.2 First Page above Preamble: Insert File Number provided by Seller.

5.7.3 Preamble: Insert Closing Date as the date of the Lease.

5.7.4 Term (Section 2): Insert the Closing Date as the date the Lease Term commences and insert the date that occurs the day immediately preceding the 20th anniversary of the Closing Date as the date on which the Lease Term shall end.

5.7.5 Rent (Section 4): There are four (4) paragraph that each have two blanks. Insert the calendar month and day of the Closing Date into the first blank in each of the four

paragraphs, and insert the calendar month and day of the date immediately preceding the Closing Date into the second blank in each of the four paragraphs.

5.7.6 **Property Tax (Section 5)**: There are four (4) blanks in the second paragraph of this Section. Insert the calendar month and day of the Closing Date into the first blank in the fourth (4th) line and the first blank in the fifth (5th) line of the second paragraph, and insert the calendar month and day of the date immediately preceding the Closing Date into the second blank in the fourth (4th) line and into the second blank in the fifth (5th) line.

5.7.7 **Option to Extend Term (Section 36)**: Enter the dates applicable to each five-year Extended Term, with the first Extended Term commencing on the day immediately following the date the Lease Term shall end (as such date is set forth in Section 2 of the Agreement) and the first Extended Term ending on the day immediately preceding the fifth (5th) anniversary of the first Extended Term commencement date. The dates for each subsequent Extended Term shall follow the same pattern.

5.7.8 **Personal Property (Note - not applicable to all Leases) (Section 45)**: Insert date of this Agreement.

5.7.9 **Trade Tools and Equipment (Note - not applicable to all Leases) (Section 45 or 46)**: Insert date of this Agreement.

5.7.10 **Lessor Signature Block**: Insert signature block as provided by Purchaser.

5.8 Reserved.

5.9 **Purchaser's Closing Conditions**. The obligations of Purchaser under this Agreement are contingent upon each of the following conditions:

5.9.1 **Representations and Warranties**. On the Closing Date, each of the representations and warranties of Seller in Section 4.2 shall be true and correct in all material respects as if the same were made on the Closing Date, subject to Seller's right to update such representations and warranties as provided in this Agreement.

5.9.2 **Performance by Seller**. By the Closing Date, the Seller shall have performed all covenants and obligations in all material respects and complied with all material conditions required by this Agreement to be performed or complied with by Seller.

5.9.3 Reserved.

5.10 **Seller's Closing Conditions**. The obligations of Seller under this Agreement are contingent upon each of the following conditions:

5.10.1 **Representations and Warranties**. On the Closing Date, each of the representations and warranties of Purchaser in Section 4.1 shall be true and correct in all material respects as if the same were made on the Closing Date.

5.10.2 **Performance by Purchaser**. By the Closing Date, the Purchaser shall have performed all covenants and obligations in all material respects and complied with all material conditions required by this Agreement to be performed or complied with by Purchaser.

5.10.3 **Defeasance of Bonds**. On the Closing Date, the SPWB and the JPAs shall have determined to their sole satisfaction that upon receipt of the Purchase Price by the Escrow

Agent and the transfer to the State Treasurer of a portion of the Purchase Price in accordance with the Defeasance Documents of their respective series of Bonds shall be Defeased, as applicable, in accordance with the applicable Indenture and the State Treasurer shall have determined to his sole satisfaction that the Bonds shall be Defeased on the Closing Date.

5.10.4 Defeasance Documentation. The Defeasance Documents shall be delivered to the State Treasurer, executed and attached as applicable on the Closing Date.

SECTION 6 RISK OF LOSS

6.1 Condemnation. If any Material (as defined below) portion of the Property is taken by eminent domain proceedings or by deed in lieu thereof after the Purchaser Execution Date and prior to the Closing, Seller shall promptly notify Purchaser of such fact ("Seller's Condemnation Notice"). Thereafter, Purchaser may (at Purchaser's option), either: (a) terminate this Agreement by written notice, in which case Purchaser shall be entitled to the return of the Earnest Money, and thereafter neither party shall have any rights or obligations under this Agreement, other than Surviving Obligations, or (b) terminate this Agreement with respect to only the Property that is the subject of Seller's Condemnation Notice (and thereafter neither party shall have any rights or obligations under this Agreement with respect to such Property other than Surviving Obligations), and proceed to Closing on the balance of the Properties; or (c) proceed to Closing. Purchaser shall notify Seller in writing of Purchaser's election within five (5) days after Seller's Condemnation Notice. If Purchaser fails to timely and properly notify Seller of Purchaser's election, Purchaser is deemed to have elected to proceed to Closing under clause (b). If the taking is not Material, then Seller shall assign all of Seller's assignable right, title and interest in and to the award of the condemning authority, or the settlement in the case of a deed in lieu of condemnation, to the extent not applied by Seller towards restoration of the Real Property prior to the Closing and less Seller's attorney's fees and costs and other expenses related to the condemnation proceeding, to Purchaser at the Closing and there shall be no reduction in the Purchase Price. For purposes of this Section 6.1 and Section 6.2, a (i) taking is "Material" if any portion of the Improvements are taken or if any portion of the Land is taken which would materially affect access to the Improvements; and (ii) casualty is "Material" if any portion of the Real Property, whose aggregate value exceeds \$500,000.00, is damaged by casualty.

6.2 Casualty. If any of the Property, or any part thereof, suffers any Material damage from fire or casualty after the Purchaser Execution Date and prior to the Closing, Seller will notify Purchaser of such fact (the "Seller's Casualty Notice"), and Purchaser may (a) terminate this Agreement by notice to Seller given within ten (10) days following Seller's Casualty Notice to Purchaser, in which case Purchaser shall be entitled to the return of the Earnest Money, and thereafter neither party shall have any rights or obligations under this Agreement, other than Surviving Obligations, or (b) terminate this Agreement with respect to only the Property that is the subject of Seller's Condemnation Notice, and thereafter neither party shall have any rights or obligations under this Agreement with respect to such Property other than Surviving Obligations), and proceed to Closing on the balance of the Properties. If Purchaser fails to timely and properly notify Seller of Purchaser's election, Purchaser is deemed to have elected to proceed to Closing under clause (b), above. If the damage suffered is not Material, this

Agreement shall remain in full force and effect and Seller shall assign all of Seller's assignable right, title and interest in and to the proceeds (or rights under the policy) of any insurance covering such damage, less Seller's reasonable attorney's fees and third party costs and other expenses incurred by Seller to collect or adjust such insurance or to secure the Improvements or initiate repairs of restoration of the Property and any portion of such proceeds paid or to be paid on account of the loss of rents or other income from the Property for the period to and including the Closing Date, (the result, "Net Proceeds"), to Purchaser to the extent the amount of such Net Proceeds does not exceed the Purchase Price, plus a credit in an amount equal to Seller's deductible under its insurance policy applicable to such casualty, and there shall be no reduction in the Purchase Price or obligation of Seller to complete restoration.

SECTION 7 **DEFAULT; TERMINATION**

7.1 Default by Seller. In the event that Seller (i) defaults in the performance of any of Seller's obligations under this Agreement, which default remains uncured for five (5) Business Days after written notice thereof to Seller; (ii) fails to deliver any required approvals and irrevocable commitments by the SPWB and the JPAs to Defeasement of any Bonds upon deposit of the Purchase Price by Purchaser; (iii) fails to consummate the transaction contemplated by this Agreement; (iv) fails to pay the sums required to be paid by Seller under this Agreement, or (v) otherwise breaches the Agreement, Purchaser, as Purchaser's sole and exclusive right and remedy prior to Closing, may either: (a) terminate this Agreement, or (b) pursue the remedy of specific performance of Seller's obligations under this Agreement. The remedy of specific performance is only available to Purchaser if (i) any suit for specific performance is filed within thirty (30) days after Purchaser, to the best of Purchaser's knowledge, first becomes aware of the breach or default by Seller, and (ii) Purchaser is not then in breach or default in the performance of any of its obligations under this Agreement. If Purchaser properly terminates this Agreement under clause (a), the Earnest Money shall be refunded to Purchaser by Escrow Agent, and thereafter neither party shall have any rights or obligations under this Agreement, other than Surviving Obligations. In addition, notwithstanding any provision to the contrary in this Agreement, if both Purchaser and Seller are simultaneously in default in the performance of their respective obligations under this Agreement, which respective defaults remain uncured for five (5) Business Days after written notice thereof to the other party, either party may terminate this Agreement, provided that in such case the Earnest Money shall be refunded to Purchaser (not Seller) by Escrow Agent, and thereafter neither party shall have any rights or obligations under this Agreement, other than Surviving Obligations. If Purchaser becomes aware prior to the Closing that any representation or warranty hereunder is untrue, or any covenant or condition to Closing has not been fulfilled or satisfied, and Purchaser nonetheless proceeds to close on the purchase of the Property, then Purchaser shall be deemed to have irrevocably and absolutely waived, relinquished and released all rights and claims against Seller for any damage or other loss arising out of or resulting from such untrue representation or warranty or such unfulfilled or unsatisfied covenant or condition. None of the provisions of this Section 7.1 shall limit, impair or affect Surviving Obligations. Notwithstanding anything to the contrary contained in this Agreement or in any exhibits attached hereto or in any documents executed or to be executed in connection herewith (collectively, the "Purchase Documents"), it is expressly agreed that: (1) the remedies of Purchaser or its successors or assigns against Seller with respect to the alleged breach by Seller of any representation, warranty, covenant, undertaking, indemnity or

obligation contained in any of the Purchase Documents (collectively, "Seller's Undertakings") discovered by Purchaser following Closing shall (x) be deemed waived unless Purchaser has filed suit against Seller regarding the alleged breach within six (6) months after the Closing Date; (y) be limited to an amount not to exceed \$15,000,000.00 in the aggregate; and (z) may be asserted by Purchaser only in the amount and to the extent that the aggregate exceeds \$500,000.00; (2) no personal liability or personal responsibility of any sort with respect to any of Seller's Undertakings or any alleged breach thereof is assumed by, or shall at any time be asserted or enforceable against, Seller or any of its director, officers, employees, or agents, beneficiaries, trustees or representatives except as provided in (1) above with respect to Seller. Notwithstanding anything to the contrary contained in the Purchase Documents, Purchaser agrees that Seller shall be liable only for any direct or actual damages, but not any consequential or punitive damages, suffered by Purchaser on account of any breach by Seller.

7.2 Default by Purchaser. In the event that Purchaser (i) defaults in the performance of any of its obligations under this Agreement other than its obligation to proceed to Closing, which default remains uncured for five (5) Business Days after written notice thereof to Purchaser; (ii) fails to consummate the transaction contemplated by this Agreement; (iii) fails to pay the sums required to be paid by Purchaser under this Agreement, or (iv) otherwise breaches the Agreement, Seller may terminate this Agreement by providing written notice of termination to Purchaser. Except as otherwise expressly set forth in Section 7.1, above, upon a termination by Seller under this Section 7.2, or Section 9.15, Seller shall be entitled to receive and retain the Earnest Money as liquidated damages (and not as a penalty or forfeiture) and as Seller's sole and exclusive remedy and relief hereunder (except with regard to the Surviving Obligations to which such limitation shall not apply), the Earnest Money shall be automatically forfeited to Seller, and Escrow Agent shall pay the Earnest Money to Seller promptly after receiving written demand therefor from Seller. **THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT ESCROW FAILS TO CLOSE SOLELY DUE TO A DEFAULT BY PURCHASER, WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE AMOUNT OF THE EARNEST MONEY TOGETHER WITH ALL INTEREST ACCRUED THEREON TO BE PAID TO SELLER HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST PURCHASER, AND THAT PAYMENT OF SUCH AMOUNT TO SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTION 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO OWNER PURSUANT TO SECTION 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. NOTWITHSTANDING THE FOREGOING LIMITATIONS ON DAMAGES, SUCH LIMITATION SHALL NOT PRECLUDE SELLER FROM RECOVERING ATTORNEYS' FEES AND COSTS INCURRED IN SEEKING TO RECOVER THE LIQUIDATED DAMAGES UNDER THIS SECTION 7.2.**

INITIALS: Seller  Purchaser 

None of the provisions of this Section 7.2 shall limit, impair or affect Surviving Obligations.

This Section 7.2 shall be subject to the terms of Section 2.1.1 of this Agreement, which shall govern with respect to Purchaser's failure to deposit both portions of the Earnest Money with Escrow Agent.

7.3 Confirmation of Termination. If this Agreement is terminated by either party pursuant to the terms set forth herein, then upon at the request of Seller, Purchaser shall execute a quit claim deed, or other confirmation of termination reasonably satisfactory to Seller and Purchaser in form and substance, promptly upon written demand by Seller.

SECTION 8 FUTURE OPERATIONS

8.1 Maintenance and Contracts. From the Purchaser Execution Date through the Closing or earlier termination of this Agreement:

8.1.1 Seller shall continue to operate the Property in the customary and ordinary manner consistent with Seller's current practices in effect as of the Purchaser Execution Date, ordinary wear and tear, condemnation and casualty excepted; and

8.1.2 Seller shall not enter into any new contract, lease, or other service agreement that cannot be terminated as of the Closing Date without Purchaser's prior written consent.

8.2 Future Sale of FTB Property. The sale to Purchaser includes a small parcel depicted in Exhibit A-11 (the "Syufy Parcel"), which Syufy Parcel shall not be leased back to Seller pursuant to the Leases. Purchaser hereby acknowledges that Seller has been negotiating to sell the Syufy Parcel to SyWest Development ("Syufy"), the owner of the adjacent land, as part of negotiations on relocating an existing easement, recorded March 1, 1974 in Book 7403-01 page 391 (the "Syufy Easement"), in order to accommodate development by Syufy. If Purchaser elects to sell the Syufy Parcel to Syufy, or otherwise agrees to modify the Syufy Easement, then, prior to such sale or modification, Purchaser shall notify Seller of such pending sale or modification, and, upon request by Seller, shall meet and confer with Seller regarding the status of such sale or modification; provided, however, the terms of this Section 8.2 shall not be deemed to grant Seller any approval or consent rights with respect to any such sale or modification. Nothing herein is intended to create any third party beneficiary rights in Syufy, or create any obligation on the part of Purchaser to sell or otherwise conduct a transaction with Syufy.

8.3 Seller Funded Improvements. With respect to the PUC Building, the occupant, the Public Utilities Commission, has identified the need to perform upgrades to the electrical system as part of planned alterations and/or improvements and desires to accelerate the modernization of the elevators. Seller will hold back at close of escrow funds in the amount of \$2,680,000 to cover these costs should the Public Utilities Commission desire to proceed with the Seller Funded Improvements ("SFI") and in the event the Public Utilities Commission's funds are insufficient or unavailable for said SFI. Upon written notification to Purchaser, Purchaser agrees to undertake the work needed to design and construct the electrical upgrades and/or elevator modernizations and will be reimbursed by the Public Utilities Commission and/or

Seller, as work progresses, for such design and construction in accordance with a mutually agreed upon scope, schedule and budget. Purchaser is only obligated to undertake such work to the extent that the funds provided by the Public Utilities Commission and Seller are sufficient to pay for the same. Purchaser has no obligations to incur cost of its own for the SFI. This Section 8.3 shall survive the Close of Escrow.

SECTION 9
MISCELLANEOUS

9.1 Notices. All notices, demands, requests and other communications which may be given or which are required to be given by either party to the other under this Agreement, must be in writing and shall be deemed effective and delivered either: (a) on the date personally delivered to the address of the recipient set forth below, as evidenced by written receipt therefor, whether or not actually received by the person to whom addressed; (b) on the third (3rd) Business Day after being sent, by certified or registered mail postage prepaid, return receipt requested, addressed to the intended recipient at the address specified below; (c) on the first (1st) Business Day after being deposited into the custody of a nationally recognized overnight delivery service such as Federal Express Corporation, Airborne Express, or United Parcel Service, addressed to the recipient at the address specified below; or (d) at the time of electronic confirmation of receipt after being sent before 5:00 p.m. Pacific time of recipient on a Business Day by facsimile to the numbers set forth below for each recipient, provided that a copy is also sent by nationally recognized overnight delivery service. For purposes of this Section 9.1, the addresses of the parties for all notices are as follows (unless changed by similar notice in writing given by particular person whose address is to be changed):

If to the Purchaser:

Mr. Colin P. Shepherd
California First, LP
C/O Hines Interests Limited Partnership
445 South Figueroa Street, Suite 3750
Los Angeles, CA 90071

Phone No. (213) 629-5200
FAX No. (213) 629-1423
RICHARD M. MAYO
C/O ACRE, LLC
18401 VON KARMAN AVENUE, SUITE 260
IRVINE, CALIFORNIA 92612

Phone No. (949) 502-2905
FAX No. (949) 502-2997

With A Copy To:

ALLEN MATKINS LECK GAMBLE MALLORY & NATSIS LLP
1901 AVENUE OF THE STARS, SUITE 1800

LOS ANGELES, CALIFORNIA 90067
ATTENTION: ANTON N. NATSIS, ESQ.

Phone No. (310) 788-2400
FAX No. (310) 788-2410

If to the Seller:

Mr. Robert McKinnon
Department of General Services
Real Estate Services Division
Asset Management Branch
707 Third Street, 6th Floor
West Sacramento, CA 95605

Phone No. (916) 376-1814
FAX No. (916) 376-1780

With A Copy To:

Mr. Henry Nanjo
Department of General Services
Office of Legal Services
707 Third Street, 7th Floor
West Sacramento, CA 95605

Phone No. (916) 376-5113
FAX No. (916) 376-5088

If to Escrow Agent:

Barbara Laffer
First American Title Insurance Company
777 South Figueroa Street
Fourth Floor
Los Angeles, CA 90017

Phone No. 213-271-1702
Fax: 877-805-5021

The attorneys for each party are authorized to give any notice specified in this Agreement on behalf of their respective clients.

9.2 Real Estate Commissions. Seller has authorized CBRE ("Broker") to act Seller's behalf in connection with the sale and purchase hereunder. Purchaser has not authorized any broker or finder to act on Purchaser's behalf in connection with the sale and purchase hereunder and neither Seller nor Purchaser has dealt with any other broker or finder purporting to act on behalf of the other party other than CBRE. If and only if the Closing occurs, Seller shall pay

Broker a real estate commission in accordance with a separate written listing agreement. Purchaser agrees to indemnify, defend, protect and hold harmless Seller from and against any and all demands, claims, losses, damages, liabilities, costs or expenses of any kind or character (including reasonable attorneys' fees and charges) arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by Purchaser or on Purchaser's behalf with any broker or finder in connection with this Agreement or the transaction contemplated hereby. Seller agrees, out of legally available funds, to indemnify, defend, protect and hold harmless Purchaser from and against any and all claims, losses, damages, liabilities, costs or expenses of any kind or character, including reasonable attorneys' fees and expenses, arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by Seller or on Seller's behalf with any broker or finder in connection with this Agreement or the transactions contemplated hereby. Notwithstanding anything to the contrary contained herein, this Section 9.2 shall survive the Closing or any earlier termination of this Agreement.

9.3 Entire Agreement. This Agreement embodies the entire agreement between the parties relative to the subject matter hereof, and there is no oral or written agreement between the parties, nor any representation made by either party relative to the subject matter hereof, which is not expressly set forth herein.

9.4 Amendment. This Agreement may be amended only by a written instrument executed by the party or parties to be bound thereby. If the amendment affects the Bonds then it will be subject to review and/or approval by the State Treasurer, SPWB, and JPAs as applicable.

9.5 Headings. The captions and headings used in this Agreement are for convenience only and do not in any way limit, amplify, or otherwise modify the provisions of this Agreement.

9.6 Time of Essence. Time is of the essence of this Agreement; however, if the final date of any period which is set out in any provision of this Agreement falls on a day which is not a Business Day, then the time of such period shall be extended to the first succeeding Business Day. The term "Business Day" means every day other than Saturdays, Sundays or other holidays on which banking institutions in the state in which the Real Property is located are closed.

9.7 Successors and Assigns; Assignments; Tax Free Exchanges.

9.7.1 Successors and Assigns. This Agreement shall inure to the benefit of Seller and Purchaser and their respective heirs, executors, administrators, personal and legal representatives, successors and permitted assigns.

9.7.2 Assignments. Purchaser may not assign this Agreement or Purchaser's rights under this Agreement without the prior written consent of Seller, which consent may be withheld in Seller's sole and absolute discretion. Notwithstanding the foregoing, Purchaser may assign this Agreement to an entity owned and controlled by Purchaser without the prior written consent of Seller provided (i) such assignee accepts and assumes such obligations, (ii) Purchaser provides written notice to Seller at least five (5) Business Days before the Closing, and (iii) such assignment is consummated on the Closing Date. No assignment of this Agreement or

Purchaser's rights hereunder shall relieve Purchaser of its liabilities under this Agreement. This Agreement is solely for the benefit of Seller and Purchaser; there are no third party beneficiaries hereof. Any assignment of this Agreement in violation of the foregoing provisions shall at Seller's option be null and void.

9.8 Invalid Provision. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and, the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such illegal, invalid, or unenforceable provision or by its severance from this Agreement.

9.9 Attorneys' Fees. In the event it becomes necessary for either party hereto to file suit to enforce this Agreement or any provision contained herein, the party prevailing in such suit shall be entitled to recover, in addition to all other remedies or damages as provided herein, reasonable attorneys' fees and expenses incurred in such suit.

9.10 Ownership Entities. Purchaser shall have the right to create the ownership structures it deems desirable for any of the Properties, including, without limitation the right to cause each Property to be transferred to a separate legal entity directly or indirectly controlled by Purchaser, and, in connection therewith, Purchaser may assign partial rights under this Agreement such that the entities will be able to accept title and lease the Property or Properties to Seller. Seller hereby agrees to reasonably cooperate with Purchase, at no out-of-pocket cost to Seller, in connection with such ownership structures and/or entities.

9.11 No Survival. Except as otherwise expressly provided otherwise in this Agreement, any and all rights of action of either party for any breach by the other party or any representation, warranty, covenant or other obligation of such party contained in this Agreement shall merge with the Deed and other instruments executed at Closing and shall not survive Closing, and no action based thereon shall be commenced after the Closing Date.

9.12 Multiple Counterparts; Facsimile. This Agreement may be executed in a number of identical counterparts which, taken together, shall constitute collectively one agreement. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart with each party's signature. Any signature hereon may be transmitted by facsimile machine and such signature shall be valid and accepted for all purposes hereof.

9.13 Exhibits. The exhibits and schedules attached to this Agreement and referred to herein are hereby incorporated into this Agreement by reference and made a part hereof for all purposes.

9.14 Construction; Independent Counsel. Seller and Purchaser each acknowledge that: (a) they have been represented by independent counsel in connection with this Agreement; (b) they have executed this Agreement with the advice of such counsel; and (c) this Agreement is the result of negotiations between the parties hereto and the advice and assistance of their respective counsel. The fact that this Agreement was prepared by Seller's counsel as a matter of convenience shall have no import or significance, and the normal rule of contractual construction

and interpretation to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or exhibits hereto.

9.15 No Recordation. Seller and Purchaser hereby acknowledge that neither this Agreement nor any memorandum or affidavit thereof shall be recorded of public record. Should Purchaser ever record or attempt to record this Agreement, or a memorandum or affidavit thereof, or any other similar document, then, notwithstanding anything herein to the contrary, said recordation or attempt at recordation shall constitute a default by Purchaser hereunder, and, in addition to the other remedies provided for herein, Seller has the express right to terminate this Agreement by filing a notice of said termination in the public records. This provision does not apply to any filing made by Purchaser in connection with any specific performance action brought by Purchaser under Section 7.1.

9.16 JURY WAIVER. PURCHASER AND SELLER DO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THEIR RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, OR UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE DOCUMENTS DELIVERED BY PURCHASER OR BY SELLER AT CLOSING, OR ANY COURSE OF CONDUCT, COURSE OF DEALINGS, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ANY ACTIONS OF EITHER PARTY ARISING OUT OF OR RELATED IN ANY MANNER WITH THIS AGREEMENT OR THE PROPERTY (INCLUDING WITHOUT LIMITATION, ANY ACTION TO RESCIND OR CANCEL THIS AGREEMENT AND ANY CLAIMS OR DEFENSES OTHERWISE VOID OR VOIDABLE). THIS WAIVER IS A MATERIAL INDUCEMENT FOR EACH PARTY TO ENTER INTO AND ACCEPT THIS AGREEMENT AND THE DOCUMENTS DELIVERED BY THE OTHER PARTY AT CLOSING AND SHALL SURVIVE THE CLOSING OR TERMINATION OF THIS AGREEMENT.

9.17 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California without regard to conflicts of law principles. The provisions of this Section 9.17 shall survive the Closing or the termination of this Agreement. The parties agree that venue shall lie in any state or federal court located within the State of California.

9.18 Seller's Cooperation with Financing. At Closing, Purchaser shall not undertake any financing or re-financing that requires the Seller to provide any document other than the estoppel described in Exhibit D to the Lease(s) and the Subordination, Non-Disturbance and Attornment Agreement in Exhibit E to the Lease(s) and Seller agrees to provide such estoppels and Subordination, Non-Disturbance and Attornment Agreements. Purchaser agrees that the credit of the State of California will not be provided for any financing or re-financing and that Seller will have no obligation to provide any covenants, continuing disclosure or any other financial information.

SECTION 10
ESCROW PROVISIONS

10.1 Escrow Account and Notice. Subject to the terms of Section 2.1.1 of this Agreement, the Earnest Money and Purchase Price (collectively, the “Escrow Payments”) shall be held in escrow in a separate interest-bearing money market or bank account by Escrow Agent until the earliest of (a) the Closing, on which date the Escrow Payments shall be released to Seller and pursuant to instructions provided by Purchaser and Seller, (and the JPAs, State Treasurer and SPWB, as necessary), funds shall be released by wire transfer of immediately available funds to the State Treasurer to Defeasance the Bonds and pay the Defeasance Costs; (b) five (5) days after Escrow Agent shall have delivered to the non-sending party a copy of the notice sent by Seller or Purchaser stating that this Agreement has been terminated and that the party so notifying Escrow Agent is entitled to the Escrow Payments, following which period the Escrow Payments shall be delivered to the party who sent notice stating that it is entitled to the Escrow Payments; provided, however, that within such five (5) day period, Escrow Agent does not receive either a notice containing contrary instructions from the non-sending party hereto or a court order restraining the release of all or any portion of the Escrow Payments; or (c) a joint notice executed by Seller and Purchaser is received by Escrow Agent, in which event Escrow Agent shall release the Escrow Payments in accordance with the instructions therein contained. Escrow Agent shall immediately deliver a duplicate copy of any notice received by it in its capacity as Escrow Agent to Seller and Purchaser.

10.2 Dispute Regarding Escrow Payments. In the event that (a) Escrow Agent shall have received a notice containing contrary instructions or a court order as provided for in Section 10.1 hereof and within the time therein prescribed, or (b) any other disagreement or dispute shall arise between the parties hereto or resulting in adverse claims or demands being made for the Escrow Payments, whether or not litigation has been instituted, then and in any such event Escrow Agent shall refuse to comply with any claims or demands on it and continue to hold the Escrow Payments until Escrow Agent receives either (i) a written notice signed by both Seller and Purchaser directing the disposition of the Escrow Payments, or (ii) a final non-appealable order of a court of competent jurisdiction directing the disposition of the Escrow Payments, in either of which events Escrow Agent shall then dispose of the Escrow Payments in accordance with said direction. Escrow Agent shall not be or become liable in any way to any person or entity for its refusal to comply with any such claims or demands until and unless it has received a direction of the nature described in (i) or (ii) above. Upon the taking by Escrow Agent of any of the actions described in (i) and (ii) above, Escrow Agent shall be released of and from all liability hereunder except for its own willful misconduct or negligence. Notwithstanding the foregoing provisions of this Section 10.2, Escrow Agent may, on written notice to Seller and Purchaser, take such affirmative reasonable steps as it may, at its option, elect in order to terminate its duties as escrow agent hereunder, including, but not limited to, the deposit of the Escrow Payments with a court of competent jurisdiction and/or the commencement of an action in interpleader. Upon the taking by Escrow Agent of the actions described above, Escrow Agent shall be released of and from liability hereunder except for its own willful misconduct or negligence.

10.3 Limitation on Escrow Agent Liability. Escrow Agent shall not incur any liability in acting upon any signature, notice, request, waiver, consent, receipt or other paper document in

good faith believed by Escrow Agent to be genuine. Escrow Agent has executed this Agreement solely to confirm that it is holding and will hold the Escrow Payments in escrow pursuant to the provisions of this Section 10 and for no other purpose.

10.4 Holdback Escrow. Seller shall have the right to establish a holdback account to pay for costs and expenses of Seller related to this transaction, the payment of employees during the Transition Period as described in the Leases, and for any other purposes and needs desired by Seller.

IN WITNESS WHEREOF, Seller and Purchaser have executed and delivered this Agreement as of the Effective Date and Purchaser Execution Date, respectively.

(Remainder of page intentionally blank; signature page follows)

SIGNATURE PAGE

TO

PURCHASE AGREEMENT

DATED November 15, 2010

BETWEEN

AND

SELLER:

By: _____

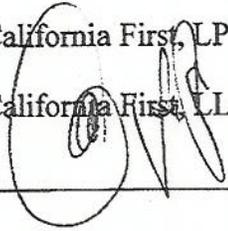
Name: _____

Title: _____

PURCHASER:

By: California First, LP

By: California First, LLC, its General Partner

By:  _____

Name: Chandra R. Patel

Title: Manager

JOINDER OF ESCROW AGENT

The undersigned: (a) acknowledges receipt of the Earnest Money and a copy of this Agreement; (b) agrees to act as Escrow Agent under the Agreement, (b) agrees to be the person responsible for reporting the transaction to the Internal Revenue Service under then-current Treasury Regulations, and (d) agrees to hold and disburse the Earnest Money in accordance with the provisions of this Agreement.

ESCROW
AGENT:

By: 
Name: BARBARA CARTER
Title: ESCROW OFFICER

DATE OF EXECUTION
BY ESCROW AGENT: November 15, 2010

By: 
Name: BARBARA CARTER
Title: ESCROW OFFICER