

SM Properties and or assignee
140 South Beverly Drive, Suite 200
Beverly Hills, CA 90212
Tel: (310) 888-2858 / Fax: (310) 888-2889

April 14, 2010

Property Address: Junipero Serra \$88M
Ronald Reagan \$126M

Non-Binding Letter Of Intent For Purchase And Sale

Dear Mr. Moore:

This shall serve as a Letter of Intent (“LOI”) between you, the Owner of the above referenced property, as “Seller” and SM Properties and or assignee as “Buyer”, for the purchase and sale of the above noted real property.

- 1. PURCHASE PRICE:** The Purchase Price shall be **Two Hundred Fourteen Million Dollars (\$214,000,000.00)**, payable by Buyer for the Property.
- 2. PURCHASE AND SALE AGREEMENT:** Following mutual execution of this LOI, Buyer shall present to Seller its proposed binding Purchase and Sale Agreement (“**P&S Contract**”), based upon the terms of this LOI.
- 3. CLOSING:** Escrow shall close **Ninety (90)** calendar days after the removal of all contingencies (“**Close of Escrow**”).
- 4. DUE DILIGENCE PERIOD:** Buyer has **TwentyOne (21) days** following the opening of escrow (“**Due Diligence Period**”) to conduct Buyer’s investigation. Buyer will review previous title reports, leases, environmental, soils and structural inspections, existing financing, operations, permits, correspondence with governmental agencies, management contracts, and any other matters deemed appropriate at Buyer’s sole discretion. Seller shall provide the due diligence materials that are in Seller’s possession, or which can be obtained by Seller at no cost, including but not limited to any third party reports (including environmental and zoning reports), survey, certified rent roll, copies of all leases and agreements, prior estoppel certificates, and existing financing documents. Buyer is responsible for any additional reports required to complete their due diligence of the Property. Buyer reserves the right on or before the expiration of the Due Diligence Period to terminate this transaction in Buyer’s sole and absolute discretion.

Inspections shall not unreasonably disturb the ongoing operations of the Property, and no invasive testing (e.g., drilling) shall be conducted without the prior written consent of Seller, which consent shall not be unreasonably withheld. Buyer shall keep the Property free from all liens and indemnify, defend, and hold harmless Seller from and against all claims incurred by, or claimed against, Seller in connection with such investigations, and shall repair any damage to the Property.

- 5. DEPOSIT:** Buyer shall deposit the amount of **Ten Million Dollars (\$10,000,000.00)** (“**Initial Deposit**”) in Escrow within three (3) business days following the mutual execution of the P&S Contract.

Buyer: _____

Seller: _____

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6. **TITLE AND ESCROW:** Seller shall provide Buyer with a preliminary title report prepared by [North American Title & Escrow](#), (“**Title Company**”), together with legible copies of the underlying exceptions, within Ten (10) days following execution of a Purchase and Sale Agreement. Escrow shall be with [North American Title & Escrow](#) (“**Escrow**”). Seller shall pay for Standard ALTA coverage; if Buyer shall elect, Buyer may pay the difference in cost and obtain an extended ALTA policy.
 7. **PRORATIONS:** As is customary in the jurisdiction where the property is located.
 8. **1031 EXCHANGE:** Either party shall have the right to structure the transaction as part of a Section 1031 tax deferred exchange. Upon request, the parties shall cooperate with effecting such an exchange provided that the non-requesting party shall not incur any additional liability or financial obligations as a consequence of the exchange; and the exchange shall in no way reduce the net amount to which Seller is entitled, or to which Buyer is obligated to pay, under the terms of the P&S.
 9. **CONFIDENTIALITY:** The parties acknowledge that the transaction contemplated herein, including the terms of the transaction and the identity of the parties, is confidential and shall not be disclosed to any person, other than their respective employees, agents, brokers, accountants and attorneys.
 10. **NON-BINDING:** This letter is only intended to serve as a summary of terms; the parties do not intend this letter to be a binding agreement or to create any other obligation of either party, including, without limitation, any obligation to negotiate toward a binding agreement.
 11. **TIME IS OF THE ESSENCE:** This LOI is valid until [April 21, 2010](#) at 5 pm pacific standard time.

The parties have executed this Letter of Intent as set forth below and the Effective Date shall be the latest indicated date of signature.

BUYER:
SM Properties or Assignee

SELLER:

By: _____
Michael Hakim

By: _____

Date: _____

Date: _____