



Suite 1000,
121 Richmond Street West,
Toronto, Ontario, M5H 2K1
Tel: (416) 863-9858
Fax: (416) 861-0191
Em: projects@euromart.ca

Real Estate Broker Services

May 10, 2010

State of California
c/o CB Richard Ellis Inc.
Attention Mr. Randy Getz, Executive Vice President
990 West 190th Street Suite 100
Torrance, CA 90502-1025 USA

Dear Mr. Getz:

Re: Sale-Leaseback Golden State Portfolio as per Schedule "A" (the "Property")

This Letter of Agreement (the "Letter") sets forth the basic business terms and conditions between State of California as vendor (the "Vendor") and Euromart Realty Group Inc. and McKinley Infocapital Co. in Trust on behalf of The South Korean Military Pension Fund ("SKMP") and The Military Mutual Aid Association Fund ("MMAA"), as purchaser (the "Purchaser") to purchase the Golden State Portfolio as per Schedule "A" on the following basis:

1. Purchase Price: US \$2,285,000,000 (Two Billion Two Hundred and Eighty Five Million US Dollars) payable by certified cheque subject to customary adjustments.
2. Deposit: Upon the acceptance of the Letter of Agreement, the Purchaser shall deposit the Earnest Money Deposit, (the "First Deposit") for Twenty Million (\$20,000,000) US Dollars payable to the State of California. The First Deposit shall be held in trust by the State of California and shall be invested in an interest bearing trust account with all interest to accrue to the benefit of the Purchaser.

Upon waiver of the Purchaser's condition, a second deposit (the "Second Deposit") of Thirty Million (\$30,000,000) US Dollars shall be paid to the State of California. The deposit shall be held in trust by the State of California and shall be invested in an interest bearing trust account with all interest to accrue to the benefit of the Purchaser.
3. Condition: The Purchaser shall have a period of thirty (30) days following the full execution of the Letter of Agreement (the "Condition") to enter into mutually agreed triple net leases with the State of California on all eleven (11) office complexes as per Schedule "A". If the parties cannot agree on the Lease Agreements, then the Purchaser shall have the right to elect to terminate this Letter of Agreement and to have the full return of the First Deposit and Interest in its sole and absolute discretion.
4. Closing: Closing shall occur thirty (30) days after the satisfactory completion of the conditional period. Upon the successful completion of the transaction, the State of California will pay a Consulting/Advisory Fee to Euromart Realty Group Inc. and McKinley Infocapital Co. of Ten Million (\$10,000,000) US Dollars. Such fee shall be payable only if, as and when the above mentioned transaction has been successfully completed.

- 5. Tenant: State of California
- 6. Lease Term: 20 years with six 5-year options to renew. Options to escalate at 1.5% per annum compounded. Lease Commencement to be from the date of Closing of the Transaction.
- 7. Net Net Net (carefree) Rental Income in the 1st year: US \$ 148,207,477 Rental Income to escalate at 1.5% per annum compounded.
- 8. Exclusivity: Upon execution of this Letter of Agreement, the Vendor agrees to negotiate exclusively and in good faith, without exception, with the Purchaser to complete the transaction proposed herein.
- 9. Confidentiality: Neither the Purchaser nor the Vendor shall disclose the terms or the existence of this Letter of Agreement to any third party (except their agents, advisors, consultants) without the prior written consent of the other party, provided that each party shall be entitled to make such disclosure to the extent required by law and regulation, rules or policy of any regulatory body, in which case the disclosing party shall notify the other prior to making such disclosure.
- 10. Non Binding: While this Letter of Agreement may contain certain essential parts of an agreement, each of the Parties agrees and understands that, except for their respective obligations set out under the heading "Confidentiality" (which is intended to be legally binding), this Letter of Agreement is one of intent only.

By signing and returning a duplicate of this Letter of Agreement, the Vendor confirms that this Letter sets out the elements of the proposed transaction.

The terms of this Letter of Agreement are open for negotiations by the Vendor until May 18, 2010, and if not acted upon by this date, will be null and void.

Yours sincerely,

Euromart Realty Group Inc. in Trust for SKMP and MMAA Funds


Bruno J. Arnold
Chairman

Agreed and accepted this ____ day of May 2010
State of California

I/we have the authority to bind the State of California

I/we have the authority to bind the State of California