

May 11, 2010

CB Richard Ellis  
1840 Century Park East, Suite 700  
Los Angeles, CA 90067-2108  
Attn: Mr. Kevin Shannon

RE: Letter of Intent to Purchase the Golden State Portfolio

Dear Mr. Shannon:

Thank you for your letter of April 25, 2010. The Golden State Asset Acquisition Group (the "**Buyer's Project Team**") is presenting this "Best and Final" offer on behalf of the California Municipal Finance Authority ("**CMFA**") and its designees (the "**Buyer**"). Buyer is prepared to purchase and acquire from the State of California (the "**State**") and other public entities that hold fee title on the State's behalf (collectively, the "**Seller**") fee simple interest in those certain 11 properties that comprise the Golden State Portfolio, totaling 7.3 million square feet, together with all improvements thereon and personal property, including all of Seller's right, title, and interest in all leases, licenses, trade names, permits, license agreements, easements, parking areas, and rents (the land and improvements are collectively referred to herein as the "**Properties**") on the terms and conditions set forth below. Of course, this Best and Final offer is subject to a definitive agreement executed between Buyer and Seller (the "**Purchase and Sale Agreement**"). Buyer intends only to be bound by the execution of such an agreement.

1. **Buyer:** Buyer shall take title to the Properties.
2. **Purchase Price:** \$2,100,000,000 cash payable in immediately available funds at closing (the "**Purchase Price**"), which amount is based on the acquisition by Buyer of all Properties in the portfolio.
3. **Source of Equity:** Buyer will acquire the Properties using the proceeds of tax-exempt bonds and/or Build America Bonds (the "**Bonds**") issued by CMFA.

On April 7, 2010, the Board of Directors of CMFA adopted a resolution expressing its intent to issue the Bonds to acquire the Properties and to appoint Stone & Youngberg LLC ("**S&Y**") to lead the underwriting of and sales efforts for the Bonds. S&Y will team with Citigroup to serve as underwriter for the Bonds. Buyer's offer is contingent on receipt of an unqualified tax opinion and upon the completion of the bond offering with proceeds sufficient to pay the Purchase Price and all transaction costs. Buyer's Project Team has taken substantial steps towards the bond offering that would be required for this acquisition, including, without limitation, consulting with tax counsel, commissioning appraisals, working with the local agencies for the approval of the bond offering, and hiring a finance team. In structuring this financing, Buyer's Project Team is highly confident of the marketability of the securities to suitable investors. Further, Buyer's Project Team, immediately upon being chosen as the

successful buyer, will commence the steps required to consummate a bond sale in time for the Closing.

4. **Operating Lease:** Buyer's Project Team has reviewed the leases that are on the document center, and does not believe that Buyer's proposed transaction structure will adversely impact the classification of the leases as an operating lease under current FASB/GASB guidance. However, we note that the State should carefully consider the stated term of the leases and the fixed rate extension options in its analysis under generally accepted accounting principles. Buyer's Project Team believes that it may be useful to limit the aggregate number of years at fixed rental rates to 30 or 35 years, with any options beyond 30 to 35 years being at then prevailing market rates. There are additional items relating to the leases that Buyer's Project Team would want to discuss and clarify, but the Buyer's Project Team does not believe that any of these items will meaningfully impact the economics of the transaction.
5. **Operating Expenses:** Buyer's Project Team has reviewed and approved CBRE's projected Year One Operating Budgets.
6. **Property Conditions:** AEW Capital Management, L.P. ("AEW"), the asset manager of the properties on behalf of Buyer, has toured all of the Properties, and has reviewed all of the property condition and environmental reports supplied in the document center. AEW has also engaged an insurance risk manager to complete an earthquake simulation on the Properties in order to underwrite the potential for loss in the event of earthquake. Based on these reviews, Buyer's offer incorporates substantial reserves to maintain the Properties in marketable condition and to the standards required in the leases, as well as to cover deductibles and building costs in the event of earthquake loss.

Upon Seller's delivery of satisfactory reliance letters from its technical and environmental consultants, Buyer is prepared to sign off on all physical, ADA and environmental due diligence, except as follows:

- Seller's phase I reports for Capital Center East and the Franchise Tax Board properties noted environmental conditions that will require the completion of additional review if Buyer is selected as the winning bidder.
- Seller's environmental reports were silent with respect to asbestos and lead. Accordingly, further review will be required. The mitigation of existing materials will be managed through operations and maintenance plans for the assets.
- A review of title and survey will be completed within a week if Buyer is selected as the winning bidder. Estimated title costs have been priced into Buyer's Purchase Price.

Buyer has also reviewed Exhibit B of the leases which outlines maintenance requirements for the Properties with respect to which the Buyer would be expected to comply. Based upon Buyer's review of the Properties, the buildings may not currently comply with Exhibit B, but will

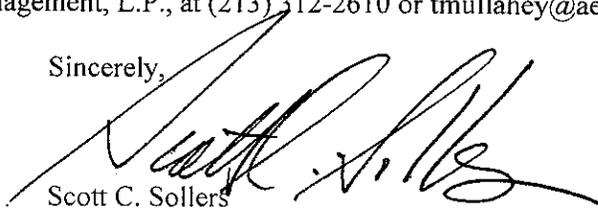
be operated and managed in compliance with Exhibit B on a go forward basis.

7. **Plans and Specifications:** Buyer's Project Team has reviewed the building, floor, site plans and specifications for Properties where they were provided in the document center and has reconciled the information into its Purchase Price.
8. **Earnest Money Deposit:** Buyer will deposit \$5 million into escrow upon the execution of the Purchase and Sale Agreement.
9. **Time for Transaction:** Buyer's Project Team has already completed the majority of its due diligence, and therefore anticipates that any remaining due diligence items will be completed promptly after its selection as winning bidder and prior to the execution of the Purchase and Sale Agreement. Additional due diligence will not be a condition to the Closing.  
  
Accordingly, Buyer's Project Team proposes that the Closing could occur within 45 days following the execution of the Purchase and Sale Agreement.
10. **Allocation of Escrow and Transactional Costs:** Buyer shall pay all closing costs in connection with this transaction (including, but not limited to, escrow fees, CLTA policy premium, and the ALTA premium). Buyer has assumed that there will be no city or county transfer taxes owed in conjunction with the transaction.
11. **Additional Information:** After the Bonds have been retired and other necessary maintenance and operation costs have been provided for, it is intended that the residual cash flow from the Properties be directed to the local public agencies in which the Properties are located (i.e., Los Angeles, Santa Rosa, Oakland, Sacramento, Rancho Cordova, and San Francisco (the "**Host Communities**")). Further, at the end of the term of the leases or any option terms thereof, all excess proceeds from a sale of the Properties, subject to Seller's right of first offer and right of first refusal set forth in the leases, are intended to be directed to the respective Host Communities.
12. **Brokerage:** Neither Buyer nor Buyer's Project Team has engaged a broker or finder in connection with this transaction. Seller will pay the CB Richard Ellis commission only. Seller shall be responsible for paying CB Richard Ellis a brokerage fee per a separate written agreement.
13. **Confidentiality:** Buyer's Project Team shall keep confidential any confidential information or data received regarding the Properties in accordance with the Confidentiality Agreement.

Buyer's Project Team acknowledges that the Properties will not be taken off of the market, and Seller reserves the right to sell or dispose of the Properties in any way it so determines prior to entering into a written Purchase and Sale Agreement. Buyer's Project Team expressly waives any remedy of specific performance against the Seller in connection with this letter, and any right to proceed with any legal action or to record or file a lis pendens or similar notice against the Properties in connection with any alleged default by the State arising from this letter.

We look forward to hearing from you on this matter. If you have any questions about this bid, please feel free to contact me at 415-445-2323 or 415-264-4927 (cell) or [ssollers@syllc.com](mailto:ssollers@syllc.com) or Ramiro Albarran at (212) 497-7111 or (203) 219-4455 (cell) or [ralbarran@syllc.com](mailto:ralbarran@syllc.com). Please also feel free to call Tom Mullahey of AEW Capital Management, L.P., at (213) 312-2610 or [tmullahey@aew.com](mailto:tmullahey@aew.com).

Sincerely,

A handwritten signature in black ink, appearing to read "Scott C. Sollers", written over a horizontal line.

Scott C. Sollers  
Authorized Representative  
Golden State Asset Acquisition Group