



April 14, 2010

Via E-mail

Kevin Shannon  
Bob Gilley  
Randy Getz

CB Richard Ellis  
990 W. 190th St.  
Torrance, CA 90502

**Re: The Golden State Portfolio**

Dear Kevin, Bob, and Randy:

This letter of intent proposes the terms and conditions under which Divco West Acquisitions, LLC or its assignee (collectively referred to herein as the "Buyer") is willing to proceed with negotiations to purchase fee simple title to the "Project" (as defined below) from the seller (the "Seller") subject to the execution of a definitive purchase and sale agreement (the "Contract"). The following paragraphs summarize the proposed terms and conditions.

1. **Project:** The Project consists of a fee simple interest to certain real properties (the "Land") known as and located at as follows:

<u>Asset</u>	<u>Address</u>	<u>Area</u>
Attorney General Building	1300 I Street, Sacramento, CA	367,866
Capital Area East End Complex	1430 N Street; 1500, 1501, 1615, and 1616 Capitol Avenue, Sacramento, CA	1,474,705
Department of Justice Building	4949 Broadway, Sacramento, CA	381,718
Franchise Tax Board Complex	9685 Butterfield Way, Sacramento, CA	1,814,056
Cal EMA	3650 Schriever Avenue, Rancho Cordova, CA	116,687
Elihu Harris Building	1515 Clay Street, Oakland, CA	700,589
Public Utilities Commission Building	505 Van Ness Avenue, San Francisco, CA	270,786
San Francisco Civic Center	350 McAllister Avenue & 455 Golden Gate Avenue, San Francisco, CA	912,387
Judge Rattigan Building	50 D Street, Santa Rosa, CA	92,368
Junipero Sierra Building	320 West 4th Street, Los Angeles, CA	431,856
Ronald Reagan State Building	300 South Spring Street, Los Angeles, CA	739,158
TOTAL		7,302,176

The Project also consists of the improvements thereon which include, without limitation, the buildings totaling approximately 7,302,176 rentable square feet (the "Improvements"); and the tangible and intangible personal property thereon and/or related thereto (the "Personal Property"). The Land, the Improvements, and the Personal Property are collectively referred to as the "Project".

2. **Purchase Price:** The purchase price shall be Two Billion Forty Nine Million Dollars (\$2,049,000,000.00) (the "Purchase Price"), equating to a price of approximately \$280 per rentable square foot, and shall be payable in cash as follows:
- a) Upon the opening of escrow, Buyer shall deposit into escrow with Stewart Title Company ("Title Company"), an earnest money deposit in the amount of Thirty Million Dollars (\$30,000,000.00) (together with interest thereon, the "Deposit"). The Deposit shall be invested

by the Title Company in an interest bearing account selected by Buyer with all interest accruing thereon credited to the Buyer. At the close of escrow, Buyer shall receive a credit against the Purchase Price equal to the Deposit.

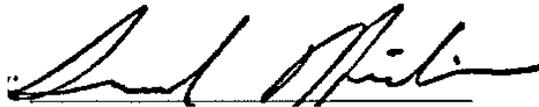
- b) The balance of the Purchase Price shall be paid in cash at the close of escrow.
3. **Failure to Close Escrow:** If escrow fails to close for any reason whatsoever other than the sole default of Buyer, the Deposit shall be immediately returned to Buyer. Should escrow fail to close solely because of the default of Buyer, the Deposit shall be paid to Seller as liquidated damages.
  4. **Escrow:** An escrow shall be opened with Title Company within five (5) business days after the execution by all parties of the Purchase Contract. Escrow shall close thirty (30) days after the expiration of the "Contingency Period", (as defined below), or such other date as Buyer and Seller may mutually agree to in writing (the "Closing Date"), except as otherwise provided in paragraph 13, below.
  5. **Buyer's Contingencies:** Seller shall deliver to Buyer copies of such documents and information as Buyer shall request within five (5) business days after the execution of the Purchase Contract, and Buyer shall have forty five (45) days after the delivery of such items (the "Contingency Period") to satisfy Buyer, in Buyer's sole and absolute discretion, of the feasibility of the transaction contemplated herein and to make such inspections and to obtain such information as Buyer may deem appropriate in Buyer's sole and absolute discretion. Any books and records regarding the Project shall be made available to Buyer by Seller during regular business hours upon prior notice. Buyer may, in its sole and absolute discretion, waive or remove Buyer's contingencies on or before the close of business of the last business day of the Contingency Period (the "Contingency Removal Date"). These provisions are solely for the benefit of the Buyer. The failure of Buyer to waive or remove all of Buyer's contingencies by the Contingency Removal Date shall automatically terminate the Purchase Contract and Buyers shall receive a return of the Deposit.
  6. **Inspections:** From and after the execution of the Purchase Contract, Buyer shall have the right to inspect the title and the physical, environmental, economic, and legal condition of the Project. Seller shall provide Buyer and its consultants access to the Project, during regular business hours so that Buyer and its consultants may conduct such tenant interviews and such investigations and testing of the physical condition of the Project as Buyer, in its sole and absolute discretion, deems necessary, including, without limitation, the physical, environmental, geological, structural, and engineering condition of the Project.
  7. **Title:** On the closing date, Seller shall cause the Title Company to issue to Buyer an ALTA extended owner's policy of title insurance in the amount of the Purchase Price, with such endorsements as Buyer shall reasonably request, insuring that marketable fee simple title to the Project is vested in the Buyer (or Buyer's assignee) free and clear of all debt, assessments (including future obligations), and any other encumbrances, subject to only such title exceptions as may be approved by Buyer. Seller shall pay any and all amounts required to pay off delinquent taxes and to pay off and remove any assessments on the Project.
  8. **Closing Costs:** Closing costs and title insurance premiums shall be paid in accordance with the custom in the county in which the property is located. Each of the parties shall pay its own counsel fees. All taxes, income and expenses of the Project shall be prorated and adjusted as of midnight of the day before the date of Closing.
  9. **Brokerage:** Buyer and Seller acknowledge that CB Richard Ellis ("Broker") currently represents the Seller and that if applicable, the Seller shall pay Broker a commission relating to a sale of the Property, pursuant to a separate agreement and contingent upon the closing of the subject transaction. Each party shall indemnify the other from claims of other brokers claiming by, through, or under the indemnifying party.

10. **Representations and Warranties:** The Purchase Contract shall contain such representations and warranties regarding Seller and the Project as the parties may agree.
11. **Estoppels:** Seller shall furnish Buyer with tenant estoppel certificates in form and substance satisfactory to Buyer executed by the Project's tenants, if any.
12. **Assignment:** Prior to closing, Buyer shall have the right to assign its rights under the Purchase Agreement to one or more limited partnerships, limited liability companies, and/or tenancies-in-common which shall take title to the Project. Upon the assignee's (s') execution of a document assuming all of Buyer's rights under the Buyer Agreement, the previous Buyer shall automatically be released from any and all obligations thereunder.
13. **Purchase Contract:** Buyer shall deliver to Seller a draft purchase and sale agreement and the parties shall use their good faith efforts to negotiate, enter into, and execute the Purchase Contract in a form mutually acceptable to the both of them, in each of their sole and absolute discretion. However, while this letter reflects the principal terms of the parties' preliminary understandings with respect to the possible acquisition, no party (or any of its affiliates or representatives) will have any legal obligation, whether arising out of this letter or otherwise, to any other party or any other person or entity by reason of this letter or any other matter contemplated hereby or giving rise hereto, unless and until the parties to this letter execute the Purchase Contract and then only to the extent set forth in the Purchase Contract. Nevertheless, by the execution of this letter and during the period starting on the acceptance of this letter and ending on the earlier of the close of escrow, termination of the Purchase Contract, or the failure of Buyer to continue to negotiate the Purchase Contract in good faith, Seller agrees (i) not to directly or indirectly market the sale of the Project or any interest therein and (ii) not to lease or otherwise encumber the Project without the prior written consent of Buyer, which consent may not be unreasonably withheld.

If you agree that the foregoing represents an accurate statement of the parties mutual intent, please sign and return a copy of this letter to the undersigned no later than 5:00 p.m., April 21, 2010.

Very truly yours,

**Divco West Acquisitions, LLC**  
a Delaware limited liability company



Samuel Hamilton, Director of Acquisitions

**ACCEPTED AND AGREED:**

**Seller**

\_\_\_\_\_, a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_