

QUEENSFORT CAPITAL CORPORATION

150 S.E. 2nd Avenue, Suite 1301, Miami, FL 33131

Phone: 305.424.4444 Facsimile: 305.424.2444

May 11, 2010

Mr. Kevin A. Shannon
Vice Chairman
CB Richard Ellis
990 West 190th Street, Suite 100
Torrance, CA 90502-1025

Dear Kevin:

On behalf of QueensFort Capital Corporation and Able Services Company, I am pleased to submit our "Best and Final" offer to purchase from, and leaseback to, the State of California the eleven specified properties comprising the Golden State Portfolio, totaling approximately 7.3 million square feet and located within the Los Angeles, Sacramento and San Francisco market areas.

As presented in Exhibit 1 attached hereto, our purchase offer totals \$3.25 billion, payable \$3 billion at closing with the remaining \$250 million paid to the State of California within three years of the closing. In addition, we are offering three (3) ten-year renewal options at the greater of fair market rental value or an annual net rent not less than 12% of our total capital investment in the portfolio.

Regarding the additional information requested in your letter of April 25th, please note the following:

Buyer: QueensFort Investment Corporation ("QueensFort"). QueensFort is combining with Able Services Company (and Building Maintenance and Engineering Services) to provide this comprehensive proposal to the State of California.

Purchase Price: \$3.25 billion; **\$3.0 billion paid at closing** subject to arranging required debt financing.

Source of Equity: The \$250 million deferred portion of the Purchase Price will require approval from the United States Citizenship and Immigration Service to permit QueensFort, or an affiliate, to employ, subject to full cost reimbursement by the State, the employees currently working in the eleven properties comprising the Golden State Portfolio.

Operating Lease: We have reviewed the proposed forms of lease but must reasonably reserve our rights to discuss modifications required by our lenders relating to the State's ability to: withhold, deduct or set-off rent; terminate the lease; require QueensFort to fund material future alterations to the Leased Premises; and impose any artificial limitations on reimbursement for actual increases in operating expenses and property taxes that are beyond QueensFort's control.

The sale-leaseback transaction, as currently proposed by the State, creates risks for any Buyer/Lessor that are materially different than those borne by more conventional counterparties to financial contracts with the State (e.g., bondholders); consequently, QueensFort is presently unable to determine an appropriate risk-adjusted incremental borrowing cost for the State under applicable financial reporting guidelines. Therefore, while QueensFort believes that the proposed leaseback should qualify for operating lease treatment, QueensFort is presently unable to confirm how the State will record the proposed leaseback in its financial reports.

Operating Expenses: We have reviewed the projected Year One Operating Budgets in connection with establishing the Purchase Price.

Property Condition: We have reviewed the Marx Okubo property condition reports in connection with establishing the Purchase Price.

Plans and Specs: We have reviewed the Building, Floor, Site Plans, and Specifications for the portfolio.

Deposit: To be negotiated.

Timeline: 90 days due diligence; 90 days to close.

Additional Info:

The Purchase Price is subject to executing a financeable lease with the State of California, particularly given the special-purpose, governmental nature of the buildings comprising the Portfolio.

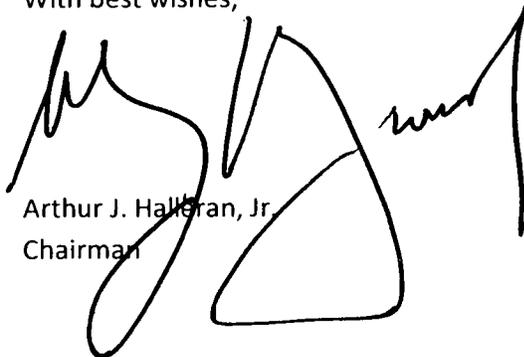
Broker:

QueensFort has engaged Frank Kawalkowski (License # 00214433) of Cassidy Turley BT Commercial in connection with this transaction. Mr. Kawalkowski is acting as a principal in this transaction and all compensation to him will be the responsibility of QueensFort.

Again, we are pleased to submit this offer, are prepared to execute it in accordance with the terms stated herein, and believe its unique structure and pricing are in the best financial interest of the State of California.

Thank you for allowing us to submit this revised offer.

With best wishes,

A handwritten signature in black ink, appearing to read 'Arthur J. Halloran, Jr.', written over a printed name and title. The signature is stylized and cursive.

Arthur J. Halloran, Jr.
Chairman

Exhibit 1

Golden State Portfolio

Sale Proceeds and Lease Payments

(1)	(2)	(3)	(4)
<u>Year</u>	<u>Sale Proceeds To The State of California</u>	Annual Bondable NNN ** Lease Payment Constant on <u>OR</u> Cumulative Sale Proceeds as Presented in <u>Column (3)</u>	Annual Modified Gross *** Lease Payment Constant on Cumulative Sale Proceeds as Presented in <u>Column (3)</u>
Closing	\$3,000,000,000		
1	50,000,000 *	1.49%	7.15%
2	75,000,000 *	1.77%	7.30%
3	125,000,000 *	2.02%	7.33%
4		2.02%	7.33%
5		2.02%	7.33%
6		14.60%	15.03%
7		14.76%	15.19%
8		14.91%	15.34%
9		15.07%	15.49%
10		15.22%	15.65%
11		21.68%	21.31%
12		21.84%	21.47%
13		22.00%	21.62%
14		22.16%	21.78%
15		22.32%	21.94%
16		24.40%	23.70%
17	_____	24.40%	23.70%
Totals	<u>\$3,250,000,000</u> to the State of California		

* Subject to USCIS approval.

** Before reimbursement to Landlord for annual property taxes and operating expenses.

*** Before reimbursement to Landlord for annual property taxes and operating expense increases.

QueensFort Capital Corporation

QueensFort Capital Corporation is an investment concern that structures sale-leaseback transactions and invests in commercial, residential, resort and restaurant real estate projects throughout the United States.

QueensFort arranges a significant portion of its financing under the United State Government's Employment Based Fifth Preference program ("EB-5 program"). The EB-5 program, also known as the Immigrant Investor program, is a U.S. visa category created by Congress in 1990 under § 203(b)(5) of the Immigration and Nationality Act (INA). The intent of the program is to stimulate the U.S. economy by promoting job creation and job preservation through foreign capital investments in the U.S. Specifically, it allows foreign nationals, by way of making qualified investments into U.S. business that either create and/or preserve jobs, the ability to receive a permanent resident visa – also known as a "Green Card" – for themselves, their spouse and unmarried children under 21 within a two-year period.

QueensFort's Chairman, Arthur Halleran, was instrumental in the creation of the original EB-5 legislation in the early 1990's, with Senator Edward M. Kennedy, as a solution to the economic distress the United States was experiencing at that time. QueensFort is similarly positioned today and has developed a significant investment banking department and marketing department to support its EB-5 initiatives. QueensFort's marketing department has established important investment relationships in China, India and South Korea, and QueensFort has assembled an advisory team of three of the most highly-regarded former governmental officials in the United States, including officials that had jurisdiction over the United States Citizenship and Immigration Services (USCIS), which has jurisdiction over the EB-5 program, and Homeland Security, which is in charge of the entire department.

For more detail on QueensFort's Management Team and Advisory Board, please see the bios included below.

QueensFort Management

Arthur J. Halleran, Jr. – Chairman

Mr. Halleran presently serves as Chairman of the Board of QueensFort Capital Corporation. QueensFort is an investment concern that structures sale-leaseback transactions and invests in commercial, residential, resort and restaurant real estate projects. Mr. Halleran has recently developed, through a QueensFort affiliate, the Edgartown Investment Group, The Boathouse (www.boathousemv.com), a private club which houses a downtown water front dining and club facility on the Edgartown Harbor and as well as a Field Club, a mile and a half from the downtown of Edgartown. In addition, Mr. Halleran is also currently the Chairman of Oklahoma South Restaurant Group, LLC, a QueensFort affiliate which owns the exclusive development franchise rights for Miami-Dade and Broward Counties for Sonic Restaurants; in addition the company has significant other rights to develop Sonic stores in Seminole, Orange and Volusia Counties.

Previously, Mr. Halleran served, as the Chairman of the Board of First Winthrop Corporation, a major commercial real estate investment firm in Boston, Massachusetts. Mr. Halleran's career with First Winthrop spanned approximately 18 years. Winthrop's total portfolio was in excess of \$6.5 billion representing more than 30 million square feet of commercial office buildings, more than 60,000 residential apartment units, and six unique, high-end hotel properties.

Winthrop, under Mr. Halleran's direction, pioneered many creative financings for major corporations requiring sale-leaseback capital. These real estate financings included office buildings with I.B.M., American Electric Power, Georgia Power, Idaho Power and Light, Pacific Gas and Electric, First City Bank of Houston, Wang Laboratories and distribution centers and retail stores with K-Mart, Wal-Mart, Toys-R-Us, Safeway, Albertson's, Mervyn's and J.C. Penney. In addition, Winthrop purchased the first major asset to be sold by the R.T.C. in 1991, which was the former Centrust Tower in downtown Miami. As part of these transactions, innovations, such as the use of zero coupon bonds, accruing mortgages, land estates, two currency mortgages and sandwich leases were all part of Winthrop's history.

Additionally, in 2001, Mr. Halleran co-founded and is the Chairman of the Board of CampInteractive, which is a non-profit organization, determined to introduce the creative power of technology and the inspiration of the outdoors to young people, in the underserved neighborhoods of New York City and, in the future, Miami. Mr. Halleran was also a member of the visiting faculty at Massachusetts Institute of Technology and served as a Director of the American Passenger Rail Car Company.

In addition, he has served or is serving as a trustee of numerous institutions, including the Canterbury School, Brookwood School, Fordham University, Villanova University, Saint David's School, the International Center for Photography and the Carnival Center for the Performing Arts in Miami. Mr. Halleran received his BA from Villanova University in 1969 and his MBA from Harvard University in 1972.

Jonathan Wexler – Vice Chairman

Mr. Wexler is Vice Chairman of QueensFort Capital Corporation. Previously, Mr. Wexler served, as the Vice Chairman of First Winthrop Corporation, a major commercial real estate investment firm in Boston, Massachusetts. Mr. Wexler's career with First Winthrop spanned approximately 18 years. Mr. Wexler has also been involved in a number of successful entrepreneurial efforts, including those in the manufacturing, real estate, retail and technology industries. Mr. Wexler graduated from the Massachusetts Institute of Technology, Sloan School of Management with a MS in Operations Research in 1975 and a BS in Mathematics (Phi Beta Kappa) from the Massachusetts Institute of Technology in 1971.

Carolina M. Oliva – Senior Vice President of Investment Banking

Ms. Oliva is Senior Vice President of QueensFort Capital Corporation. Prior to QueensFort, until May 2009, Ms. Oliva served as Executive Director of Stacy Robins Companies, Inc. ("SRC"), a significant general estate Company in Miami, Florida specializing in the sale and acquisition of exclusive waterfront residential real estate. Under this role, Ms. Oliva carried a wide range of responsibilities, namely, Ms. Oliva was independently responsible for establishing and maintaining foreign investor relationships for the company. In addition, Ms. Oliva served as Project Director of Aqua Realty, an affiliate of "SRC", which specialized in the re-sale of a \$200 million luxury residential waterfront community in Miami Beach developed by Dacra, a global real estate development and investment concern distinguished for spearheading the economic revitalization of neighborhoods in Miami and Miami Beach. As Project Director, Ms. Oliva oversaw the day-to-day operations of the company, including, but not limited to the management of a fully staffed on-site sales office, negotiation of sale and purchase contract terms, strategic marketing initiatives and client relations. Ms. Oliva graduated cum laude from North Carolina State University with a BA in Journalism and Public Relations.

Jacob C. Morrow – Vice President of Development

Mr. Morrow is also Vice President of Development for QueensFort Capital Corporation. Mr. Morrow is responsible for the management of ongoing development projects, including a private club development, The Boathouse, on Martha's Vineyard, Massachusetts, and a significant Sonic Drive-in restaurant Area Development Agreement in South Florida and Central Florida. Specific responsibilities include overall financial and project management, structuring and negotiating sale-leaseback, built-to-suit, and traditional lease transactions, identifying acquisition targets, negotiation of purchase and sale terms, acquisition due diligence, coordinating governmental permits and approvals, project planning, forecasting and financial analysis, structuring offering memoranda to raise equity and mezzanine capital, and negotiation and administration of complex construction loans. In addition to management of real estate development projects and investment opportunities, Mr. Morrow also conducted due diligence of several franchisors in the fast food industry with an aim to enter into agreements with the organizations as a franchisee, culminating in the successful negotiation of the exclusive franchise rights, with Sonic Corporation, for significant territories in South

Florida and Central Florida. Prior to joining QueensFort, Mr. Morrow worked at CB Richard Ellis, Inc. under the assistant general counsel, who was in charge of the company's legal affairs on the East Coast. Mr. Morrow participated in litigation and transactional work involving the company's commercial leasing division, property management division and mortgage banking subsidiary. Mr. Morrow earned a JD, cum laude, from Quinnipiac University School of Law in 2005 and a BA from the University of Vermont in 2001.

Lazara Villalobos – Vice President of Finance

Ms. Villalobos is Vice President of Finance for QueensFort Capital Corporation. Ms. Villalobos is responsible for overseeing the financial operations of QueensFort and its operations, including budget preparation and administration, taxation, accounting, monthly closing of books of record, account reconciliation and journal entry adjustments. In addition, she assists in the preparation of the company's tax return, maintains the general accounting system and provides timely and accurate financial reporting to management and investors. Prior to joining QueensFort, Ms. Villalobos was the assistant to the director of the City of Miami Mayor's International Council. While there, Ms. Villalobos prepared and executed payroll, general accounting functions and the budget. Ms. Villalobos received her MBA from Nova Southeastern University in 2004 and a BA in Finance from Florida International University in 2001.

QueensFort Advisory Board

The principals of QueensFort Capital Corporation are advised by an Advisory Board composed of Manuel Alberto Diaz, Esquire, former Mayor of Miami, Dr. Emilio T. González, former Director of United States Citizenship and Immigration Services (USCIS), and The Honorable William Asa Hutchinson - the first Under Secretary for the Department of Homeland Security, former Director of the Drug Enforcement Administration, and former United States Congressman and United States Attorney.

Mayor Diaz earned his law degree from the University of Miami School of Law, and became mayor of Miami in November 2001. When he first took office, Miami city government was considered to be in junk bond status, and was under a state financial oversight board. Mayor Diaz pursued a vast administrative overhaul that brought with it financial stability, healthy level of financial reserves, continued tax cuts, lowered property tax rates, and achieved a A+ bond rating on Wall Street. In 2004, Mayor Diaz was awarded the "Urban Innovator of the Year" award by the Manhattan Institute. In 2008, Mayor Diaz became President of the U.S. Conference of Mayors. Moreover, Mayor Diaz has contributed greatly towards improving education in Miami's public schools through mentoring programs, funding and sponsorship initiatives, and a progressive Education Compact with Miami-Dade Public Schools that will ensure that current and future generations of Miamians have access to quality education and opportunity. The Education Compact, the nation's first partnership between a municipality and a school system, promotes community involvement, capital improvements, and the enrichment of the educational experience for both children and parents. He has led Miami toward a renaissance of prosperity and opportunity since he was first elected in 2001, and has been internationally recognized as spearheading Miami's resurgence and redevelopment.

Emilio T. González, former Director of the United States Citizenship and Immigration Services, (USCIS), is President and CEO of Indra USA, the United States subsidiary of Indra Sistemas, S.A., a leading European company specializing in IT solutions. Prior to his government appointment, Dr. González was Senior Managing Director for Global and Government Affairs, at Tew Cardenas LLP, a Miami-based international law firm. He also served as Director for Western Hemisphere Affairs at the National Security Council, at the White House from 2002 to 2003. In this capacity he served as a key National Security and Foreign Policy advisor to President George W. Bush and Dr. Condoleezza Rice. An international affairs specialist, Dr. González has spent most of his professional career involved in foreign affairs and international security policy issues. He has served in or traveled to almost every country in the Western Hemisphere on numerous occasions, and has also represented the United States Government on special diplomatic missions around the world. Dr. González remains active in international politics. He often meets with Heads of State, Foreign Ministers, Trade Ministers, ambassadors and political leaders from throughout the hemisphere. Additionally, Dr. González is a noted commentator on Hispanic and international affairs and has appeared on local, national and international radio and television programs. Dr. González completed a distinguished career in the U.S. Army that spanned twenty-six years. During this time he served in varied troop and staff assignments, as a military attaché to U.S. Embassies in El Salvador and Mexico, taught at the United States Military Academy at West Point and headed the Office of Special Assistants for the Commander-in-Chief of the U.S. Southern Command. Dr. González was awarded a Ph.D. in International Relations from the Graduate School of International Studies, University of Miami.

William Asa Hutchinson is a former U.S. Attorney for the Fort Smith-based Western District of Arkansas where he practiced law for 21 years. It was during this time that he was appointed by President Ronald W. Reagan as U.S. Attorney for the Western District of Arkansas. At the age of 31, Hutchinson was the youngest U.S. Attorney in the nation and made national headlines after successfully prosecuting the CSA (The Covenant, The Sword, and The Arm of the Lord), a white supremacist organization. Mr. Hutchinson went on to represent the Third District of Arkansas in Congress from 1997 to 2001, resigning his post on August 6, 2001, to become the Director of the Drug Enforcement Administration (“DEA”). After the 2001 attack on America, President Bush appointed Hutchinson as the very first Under Secretary for the Department of Homeland Security focusing on Border and Transportation Security. Under this role, Mr. Hutchinson preserved the security of America's borders and our transportation systems on land, sea, and in the air. In early 2005, Hutchinson founded a consulting firm, Hutchinson Group, LLC, in Little Rock, Arkansas. He is also senior counsel with his own law firm and associated with the Venable law firm in Washington. Mr. Hutchinson received a Bachelor of Science from Bob Jones University and a Juris Doctor from the University of Arkansas School of Law.