

PURCHASE AND SALE AGREEMENT

between

The County of San Mateo

“Seller”

and

[_____]

“Purchaser”

with Escrow Instructions for

First American Title Insurance Company

“Escrow Agent”

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EXHIBITS AND SCHEDULES TO FOLLOW

PURCHASE AND SALE AGREEMENT

This **PURCHASE AND SALE AGREEMENT** (this "**Agreement**"), dated effective for all purposes as of April ____, 2014, is by and between the County of San Mateo ("**Seller**"), and [_____, a _____] ("**Purchaser**").

WITNESSETH:

WHEREAS, Seller is the fee owner of those certain fee tracts or parcels of land situated in the City of San Carlos and the City of Redwood City, California, more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference (together with all and singular rights and appurtenances pertaining to such property, including, without limitation, any right, title and interest of Seller in and to adjacent streets, alleys or rights-of-way, the "**Land**") upon which is located the office buildings with an address at 1 & 2 Circle Star Way, San Carlos, California, and, 1717 Industrial Way, Redwood City, California;

WHEREAS, Seller desires to sell to Purchaser and Purchaser desires to purchase from Seller the Property (as defined in Article I below), subject to the terms and conditions of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party hereto, and intending to be legally bound hereby, Seller and Purchaser agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

Section 1.1. Definitions. The parties hereby agree that the following terms shall have the meanings hereinafter set forth, such definitions to be applicable equally to the singular and plural forms, and to the masculine and feminine forms, of such terms:

"**Additional Rent Expenses**" shall have the meaning ascribed in Section 9.6(b).

"**Additional Rents Reconciliation**" shall have the meaning ascribed in Section 9.6(b).

"**Additional Rents Reconciliation Period**" shall have the meaning ascribed in Section 9.6(b).

"**Adjustment Date**" shall have the meaning ascribed in Section 9.6(a).

"**Agreement**" shall mean this Purchase and Sale Agreement, as the same may be amended, modified, or supplemented from time to time in writing by the parties hereto.

"**Assignment and Assumption of Intangibles**" shall have the meaning ascribed in Section 9.3(d).

"**Assignment and Assumption of Leases**" shall have the meaning ascribed in Section 9.3(c).

"**Bill of Sale**" shall have the meaning ascribed in Section 9.3(b).

"**Closing**" shall have the meaning ascribed in Section 9.2.

"Closing Date" shall mean the date that is 2 business days after the Effective Date, or such other date as may be mutually approved by Seller and Purchaser in their sole and absolute discretion.

"Closing Statement" shall have the meaning ascribed in Section 9.6(c).

"Code" shall have the meaning ascribed in Section 5.4.

"Current Month" shall have the meaning ascribed in Section 9.6(b).

"Deed" shall have the meaning ascribed in Section 9.3(a).

"Deposit" shall have the meaning ascribed in Section 2.3.

"Due Diligence Items" shall have the meaning ascribed in Section 3.2.

"Effective Date" shall mean the date of this Agreement.

"Environmental Laws" means all federal, state and local environmental laws, rules, statutes, directives, binding written interpretations, binding written policies, ordinances and regulations issued by any governmental entity and in effect as of the date of this Agreement with respect to or which otherwise pertain to or affect the Land or the Improvements, or any portion thereof, the use, ownership, occupancy or operation of the Land or the Improvements, or any portion thereof, or Purchaser, and as the same have been amended, modified or supplemented from time to time prior to the date of this Agreement, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601 et seq.), the Hazardous Substances Transportation Act (49 U.S.C. § 1802 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Water Pollution Control Act (33 U.S.C. § 1251 et seq.), the Safe Drinking Water Act (42 U.S.C. § 300f et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. § 11001 et seq.), the Radon and Indoor Air Quality Research Act (42 U.S.C. § 7401 note, et seq.), the Superfund Amendment Reauthorization Act of 1986 (42 U.S.C. § 9601 et seq.), comparable state and local laws, and any and all rules and regulations which have become effective prior to the date of this Agreement under any and all of the aforementioned laws.

"Escrow Agent" shall mean First American Title Insurance Company.

"Hazardous Materials" means any pollutants, contaminants, hazardous or toxic substances, materials or wastes (including petroleum, petroleum by-products, radon, asbestos and asbestos containing materials, polychlorinated biphenyls ("**PCBs**"), PCB-containing equipment, radioactive elements, infectious agents, and urea formaldehyde), as such terms are used in any Environmental Laws (excluding solvents, cleaning fluids and other lawful substances used in the ordinary operation and maintenance of the Land, to the extent in closed containers).

"Improvements" shall mean the building, structures, fixtures and other improvements on the Land.

"Intangibles" shall mean all intangible property owned by Seller in, on, attached to, appurtenant to, or used by Seller in the operation or maintenance of, the Land or the Building, including, without

limitation, all existing permits, licenses, warranties and guaranties (expressed or implied) issued to Seller in connection with the Improvements or the Personal Property, but excluding Service Contracts.

"Land" shall have the meaning ascribed in the Recitals.

"Leases" shall mean all leases pursuant to which any portion of the Land or Improvements is used or occupied by anyone other than Seller.

"Leasing Costs" shall have the meaning ascribed in Section 6.1(i).

"Mandatory Cure Items" shall have the meaning ascribed in Section 4.2(b).

"Non-Cure Items" shall have the meaning ascribed in Section 4.2(d).

"Operating Expenses" shall have the meaning ascribed in Section 9.6(b).

"Permitted Exceptions" shall mean (a) all liens, encumbrances, easements, covenants, conditions, and restrictions of record as of April 1, 2014; (b) New Defects that are either not objected to in writing within the time period provided below in Section 4.2, or if objected to in writing by Purchaser, are those which Seller has elected not to remove or cure or procure title insurance over, or has been unable to remove or cure or obtain title insurance over, and subject to which Purchaser has elected to accept; (c) the rights of the tenants as tenants only under the Leases, with no purchase options or rights of first refusal or first offer with respect to the purchase of all or any portion of the Land or Improvements; (d) the lien of all ad valorem real estate taxes and assessments not yet due and payable as of the Closing Date, subject to adjustment as herein provided; and (e) local, state and federal laws, ordinances or governmental regulations, including but not limited to, building and zoning laws, ordinances and regulations, now or hereafter in effect relating to the Property. Notwithstanding anything to the contrary in foregoing, "Permitted Exceptions" shall not include any Mandatory Cure Items.

"Permitted Outside Parties" shall have the meaning ascribed in Section 3.2.

"Person" means any individual, partnership, corporation, limited liability company, limited liability partnership, trust or other entity.

"Personal Property" shall mean all tangible personal property (if any) owned or leased by Seller in, on, attached to, appurtenant to, or used by Seller in the operation of maintenance of, the Land and/or the Improvements, including specifically, without limitation, equipment, tools and maintenance supplies used exclusively in connection with the operation of the Land and the Improvements and the personal property listed on Exhibit "L" attached hereto.

"Property" shall mean the Land, the Improvements, the Personal Property, the Leases and the Intangibles.

"Property Information" shall have the meaning ascribed in Section 6.1(e).

"Purchase Price" shall have the meaning ascribed in Section 2.2.

"Purchaser Assignee" shall have the meaning ascribed in Section 10.4.

"Purchaser" shall have the meaning ascribed in the preamble to this Agreement.

"Rent Roll" shall have the meaning ascribed in Section 6.1(d).

"Reporting Person" shall have the meaning ascribed in Section 5.4.

"Representations Cap" shall have the meaning ascribed in Section 6.2(b).

"Seller" shall have the meaning ascribed in the preamble to this Agreement.

"Seller Cure Items" shall have the meaning ascribed in Section 4.2(c).

"Seller Response Notice" shall have the meaning ascribed in Section 4.2(c).

"Seller's Broker" shall have the meaning ascribed in Section 9.7.

"Service Contracts" shall mean all contracts and agreements relating to the upkeep, repair, maintenance or operation of all or any portion of the Land, the Improvements or Personal Property.

"Survival Period" shall have the meaning ascribed in Section 6.2(b).

"Tenant Estoppel Certificate" shall have the meaning ascribed in Section 9.5(a).

"Title Notice" shall have the meaning ascribed in Section 4.2(c).

Section 1.2. Rules of Construction. Article and section captions used in this Agreement are for convenience only and shall not affect the construction of this Agreement. All references to "Article" or "Sections" without reference to a document other than this Agreement, are intended to designate articles and sections of this Agreement, and the words "herein," "hereof," "hereunder," and other words of similar import refer to this Agreement as a whole and not to any particular article or section, unless specifically designated otherwise. The use of the term "including" shall mean in all cases "including but not limited to," unless specifically designated otherwise. No rules of construction against the drafter of this Agreement shall apply in any interpretation or enforcement of this Agreement, any documents or certificates executed pursuant hereto, or any provisions of any of the foregoing.

ARTICLE II

PURCHASE AND SALE AGREEMENT; PURCHASE PRICE

Section 2.1. Purchase And Sale Agreement. Seller agrees to sell, transfer, assign and convey to Purchaser, and Purchaser agrees to purchase, accept and assume, subject to the terms and conditions stated herein, the Property, free and clear of all liens and encumbrances other than Permitted Exceptions.

Section 2.2. Purchase Price. Purchaser shall pay Seller the purchase price of \$[] ("Purchase Price") in immediately available funds at Closing. The Purchase Price, together with such other funds as may be necessary to pay Purchaser's required payments hereunder, subject to closing adjustments, shall be deposited with the Escrow Agent on the Closing Date in accordance with this Agreement.

Section 2.3. Deposit. Purchaser has deposited via wire transfer the sum of \$10,000,000 in immediately available funds as a deposit (the “**Deposit**”) with Escrow Agent whose address is as indicated in Section 10.3. The Deposit shall be non-refundable except as expressly provided in this Agreement and shall be held and delivered by Escrow Agent in accordance with the provisions of Article 5. Interest earned on the Deposit shall be considered part of the Deposit, and shall be deemed to have been earned by and constitute income of Purchaser. Except as otherwise expressly set forth herein, the Deposit shall be applied against the Purchase Price on the Closing Date.

Section 2.4. Indivisible Economic Package. Purchaser has no right to purchase, and Seller has no obligation to sell, less than all of the Property, it being the express agreement and understanding of Purchaser and Seller that, as a material inducement to Seller and Purchaser to enter into this Agreement, Purchaser has agreed to purchase, and Seller has agreed to sell, all of the Property, subject to and in accordance with the terms and conditions hereof. It is the intent of Seller that the Property include, without limitation, all tangible and intangible assets owned, leased or used by Seller in connection with the Land and/or Improvements other than the Service Contracts, and there shall be no such assets excluded from the Property other than the Service Contracts.

ARTICLE III

PURCHASER'S DUE DILIGENCE/CONDITION OF THE PROPERTY

Section 3.1. Purchaser's Inspections and Due Diligence. Purchaser acknowledges and agrees that Purchaser has completed, at its sole cost and expense, all of Purchaser's required examinations, inspections, testing, studies and investigations of the Property, including Purchaser's review of information regarding the Property and such documents applicable to the Property as Seller has delivered or made available to Purchaser. Purchaser acknowledges that, subject to the terms and conditions of this Agreement, Purchaser has determined to proceed with the purchase of the Property.

Section 3.2. Confidentiality. Purchaser agrees that unless otherwise provided in an agreement with a third party, any information obtained by Purchaser or its consultants, attorneys, partners, accountants, lenders or investors (collectively, for purposes of this Section 3.2, the “**Permitted Outside Parties**”) in the conduct of its due diligence of the Property (the “**Due Diligence Items**”) and not otherwise provided to the Seller, may at Purchaser's option be maintained as confidential consistent with Section 10.11 of this Agreement. Purchaser further acknowledges that the Due Diligence Items and other information obtained from any tenants or prospective tenants may be proprietary and confidential in nature. Purchaser agrees not to divulge the contents of such tenant-obtained Due Diligence Items or information except in accordance with whatever arrangements have been made between Purchaser and tenants.

ARTICLE IV

TITLE AND PERMITTED EXCEPTIONS

Section 4.1. Title to Property. Subject to Purchaser's rights to object to New Defects as set forth below and Mandatory Cure Items (as defined below), the Property shall be conveyed subject to the Permitted Exceptions.

Section 4.2. New Defects and Cure Items.

(a) For the purposes hereof **"New Defects"** shall mean any exceptions to title of the Property that first appear of record between April 1, 2014 and the Closing that do not arise by, through or under the actions of Purchaser or its affiliates or with the consent of Purchaser or its affiliates.

(b) Seller shall be obligated to cure and remove (or procure title insurance over) (i) any mechanics liens arising in connection with a work of improvement by Seller (as opposed to a work of improvement by a tenant), and (ii) the liens of any financing obtained by Seller, or any other financial obligations to any third parties, in either case which are secured by the Property or any direct or indirect ownership interest in Seller or the Property (collectively, **"Mandatory Cure Items"**).

(c) Purchaser shall notify Seller of a New Defect within one (1) Business Days of Purchaser's receipt of any updated Title Commitment, but in any event before the Closing Date (**"Title Notice"**). Seller may elect, in its sole discretion, to cure and remove any New Defect (other than Mandatory Cure Items as to which Seller shall have no such election) by delivering written notice to Purchaser (**"Seller Response Notice"**) indicating that Seller has elected to cure and remove any such matters (any such matters that Seller elects to cure and remove being the **"Seller Cure Items"**) or not to cure, as the case may be, or that Seller contests Purchaser's identification of a New Defect, in each case such Seller Response Notice to be given not later than before Closing. Seller shall have until the Closing to cure and remove (or procure title insurance over) any Seller Cure Items, and, Seller may delay the Closing by up to thirty (30) days in order to cure and remove (or procure title insurance over) any such Seller Cure Items. If Seller fails to provide a Seller Response Notice within the applicable time period set forth above, Seller shall be deemed to have delivered a Seller Response Notice electing to not to cure and remove or procure title insurance over any New Defects.

(d) If Seller elects (or is deemed to have elected) not to cure and remove any New Defect pursuant to Section 4.2(c) above, then Purchaser may elect, in its sole discretion and as its sole remedy hereunder, at law or in equity, by delivery of written notice to Seller before Closing to either (A) proceed to the Closing and accept the conveyance of the Property subject to those New Defects that Seller have refused to cure or remove or procure title insurance over (**"Non-Cure Items"**), without deduction or offset against the Purchase Price or (B) terminate this Agreement in its entirety and received a return of the Deposit. To the extent Purchaser does not elect alternative (A) pursuant to this sentence, neither party shall have any further liabilities or obligations pursuant to this Agreement except those liabilities or obligations that expressly survive termination of this Agreement. If Purchaser fails to timely notify Seller of its election pursuant to the preceding sentence, Purchaser shall be deemed to have elected alternative (A).

ARTICLE V

REMEDIES AND DEPOSIT INSTRUCTIONS

Section 5.1. Seller Default. In the event that Seller defaults under this Agreement for any reason other than Purchaser's default, Purchaser shall be entitled, as its sole remedy, either (a) to terminate this Agreement and receive a refund of the Deposit, (b) to enforce specific performance of this Agreement or (c) if the remedy of specific performance is not available to Purchaser as a result of Seller's prior encumbrance or sale of a Property, seek all remedies available at law or in equity. Notwithstanding the foregoing, nothing contained in this Section 5.1 will limit Purchaser's remedies with respect to a breach by Seller of any of its other obligations to Purchaser pursuant to this Agreement that survive the termination of this Agreement or the Closing.

Section 5.2. PURCHASER DEFAULT; LIQUIDATED DAMAGES. IF PURCHASER DEFAULTS UNDER ITS OBLIGATION TO CLOSE THE TRANSACTION UNDER THIS AGREEMENT FOR ANY REASON OTHER THAN SELLER'S DEFAULT, SELLER SHALL BE ENTITLED, AS ITS SOLE REMEDY, TO TERMINATE THIS AGREEMENT AND RETAIN THE DEPOSIT AS LIQUIDATED DAMAGES, PURCHASER AND SELLER AGREE IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO PROVE THE ACTUAL DAMAGES WHICH SELLER MAY SUFFER AND THEREFORE THE DEPOSIT IS A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT SELLER WOULD SUFFER IN THE EVENT PURCHASER DEFAULTS AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY. RETENTION OF SUCH AMOUNT BY SELLER SHALL NOT CONSTITUTE A FORFEITURE OR PENALTY, BUT SHALL CONSTITUTE LIQUIDATED DAMAGES IN ACCORDANCE WITH PROVISIONS OF SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. NOTWITHSTANDING THE FOREGOING, NOTHING CONTAINED IN THIS SECTION 5.2 WILL LIMIT SELLER'S REMEDIES WITH RESPECT TO A BREACH BY PURCHASER OF ANY OF THE INDEMNIFICATION OBLIGATIONS OF PURCHASER PURSUANT TO THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO SECTION 10.11. THE FOREGOING IS NOT INTENDED TO LIMIT PURCHASER'S OBLIGATIONS UNDER THIS AGREEMENT THAT SURVIVE THE TERMINATION OF THIS AGREEMENT OR THE CLOSING.

Initials: Seller _____

Purchaser _____

Section 5.3. Deposit Instructions. The Escrow Agent joins herein below to evidence its agreement to hold such funds in accordance with the terms and conditions of this Agreement. Further, the following provisions shall control with respect to the rights, duties and liabilities of the Escrow Agent.

(a) The Escrow Agent acts hereunder as a depository only and is not responsible or liable in any manner whatsoever for the (i) sufficiency, correctness, genuineness or validity of any written instrument, notice or evidence of a party's receipt of any instruction or notice which is received by the Escrow Agent, or (ii) identity or authority of any person executing such instruction notice or evidence.

(b) The Escrow Agent shall have no responsibility hereunder except for the performance by it in good faith of the acts to be performed by it hereunder, and the Escrow Agent shall have no liability except for its own willful misconduct or gross negligence.

(c) The Escrow Agent shall be reimbursed on an equal basis by Purchaser and Seller for any reasonable expenses incurred by the Escrow Agent arising from a dispute with respect to the amount held in escrow, including the cost of any legal expenses and court costs incurred by the Escrow Agent, should the Escrow Agent deem it necessary to retain an attorney with respect to the disposition of the amount held in escrow.

(d) In the event of a dispute between the parties hereto with respect to the disposition of the amount held in escrow, the Escrow Agent shall be entitled, at its own discretion, to deliver such amount to an appropriate court of law pending resolution of the dispute.

(e) The Escrow Agent shall invest the amount in escrow in accounts which are federally insured or which invest solely in government securities and shall be applied in accordance with the terms of this Agreement. Interest earned thereon shall be added to the funds deposited by Purchaser.

Section 5.4. Designation of Reporting Person. In order to assure compliance with the requirements of Section 6045 of the Internal Revenue Code of 1986, as amended (for purposes of this

Section 5.4, the “**Code**”), and any related reporting requirements of the Code, the parties hereto agree as follows:

(a) Provided the Escrow Agent shall execute a statement in writing (in form and substance reasonably acceptable to the parties hereunder) pursuant to which it agrees to assume all responsibilities for information reporting required under Section 6045(e) of the Code, Seller and Purchaser shall designate the Escrow Agent as the person to be responsible for all information reporting under Section 6045(e) of the Code (the “**Reporting Person**”). If the Escrow Agent refuses to execute a statement pursuant to which it agrees to be the Reporting Person, Seller and Purchaser shall agree to appoint another third party as the Reporting Person.

(b) Seller and Purchaser hereby agree:

(i) to provide to the Reporting Person all information and certifications regarding such party, as reasonably requested by the Reporting Person or otherwise required to be provided by a party to the transaction described herein under Section 6045 of the Code; and

(ii) to provide to the Reporting Person such party's taxpayer identification number and a statement (on Internal Revenue Service Form W-9 or an acceptable substitute form, or on any other form the applicable current or future Code sections and regulations might require and/or any form requested by the Reporting Person), signed under penalties of perjury, stating that the taxpayer identification number supplied by such party to the Reporting Person is correct.

Each party hereto agrees to retain this Agreement for not less than four years from the end of the calendar year in which the Closing occurred, and to produce it to the Internal Revenue Service upon a valid request therefor.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF SELLER

Section 6.1. Representations and Warranties of Seller. Seller hereby represents and warrants to Purchaser as follows as of the Effective Date and as of the Closing Date (the “**Seller Representations**”):

(a) **Organization and Authority.** Seller is a charter county of the State of California. The execution, delivery and performance of this Agreement by Seller have been fully authorized by all requisite actions on the part of Seller. Seller has the full authorization to enter into this Agreement and to transfer the Property pursuant to the terms hereof on the Closing Date and to consummate or cause to be consummated the transactions contemplated herein to be made by Seller.

(b) **Consents and Approvals.** No consent, waiver, approval or authorization of or notice to any other person is required to be made, obtained or given by Seller in connection with the execution and delivery of this Agreement or any other document executed in connection herewith, or with the transactions contemplated by this Agreement.

(c) **No Violation.** The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in a breach of any terms of, or constitute a default

under, any agreement or instrument to which Seller is a party or, to Seller's knowledge, violate any laws applicable to Seller and no joinder, consent or waiver of or by any third party is necessary to permit the consummation by Seller of the transaction contemplated by this Agreement.

(d) Rent Roll. The rent roll attached hereto as Exhibit "H" (collectively, the "**Rent Roll**") is true, correct and complete and indicates all rents collected, scheduled rents and concessions, delinquencies, and security deposits held.

(e) Property Information. Seller has delivered to or made available to its Broker, CBRE Inc., documents and materials within Seller's possession or available to Seller with respect to the Property (the "**Property Information**").

(f) Contracts. Exhibit "I" contains a true, correct and complete list of all Service Contracts, including all amendments, modifications or alterations thereto, and neither Seller nor any counterparty to any Service Contract is currently in default under such Service Contract.

(g) Leases. Other than the Leases listed on Exhibit "J" attached hereto, there are no other agreements with respect to the leasing of space in the Property or other agreements to occupy all or any portion of the Property. Seller has provided Purchaser with true, correct and complete copies of all of the Leases. Except as stated on Exhibit "J", the Leases have not been modified, amended, supplemented or otherwise revised. The Leases are in full force and effect and Seller has not given or received any written notice(s) of default under the Leases which have not been cured. There are no existing facts or circumstances which with the giving of notice or the passage of time or both would constitute a default under the Leases. Except as set forth in the Rent Roll, there are no security or other refundable deposits or prepaid rents being held by Seller pursuant to the Leases. Except as set forth in the Rent Roll, there are no rebates, rental concessions, free rent periods, credits, setoffs or rent reductions under the Leases relating to any period after the Closing Date, no rent has been paid by any tenant more than one month in advance, and there are no delinquent rents. Other than the Leases listed on the Rent Roll, there are no leases, guaranties, or other agreements which provide occupancy rights with respect to the Property to third parties.

(h) Tenant Claims. As of the date of this Agreement, (i) no tenant party to any Lease has asserted in a writing delivered to Seller any offsets, defenses or claims against rent payable by it or other performances or obligations otherwise due from it under such Lease which assertion remains outstanding, (ii) no tenant party to any Lease is, other than as set forth on Exhibit "G" attached hereto, currently in default under or is in arrears (for more than 20 days) in the payment of any base rent, and (iii) to Seller's knowledge, no tenant party to any Lease is currently in default under or is in arrears (for more than 20 days) in the payment of any rent constituting regular, monthly expense reimbursements, or other material monetary obligations required of it under its Lease.

(i) Leasing Costs. All outstanding Leasing Costs (as defined below), if any, under the Leases are described on Exhibit "G" attached hereto. For the purposes hereof, "Leasing Costs" means all capital costs, expenses incurred for capital improvements, equipment, painting, decorating, partitioning and other items to satisfy the initial construction obligations of the landlord under such Lease (including any expenses incurred for legal, architectural or engineering services in respect of the foregoing), "tenant allowances" in lieu of or as reimbursements for the foregoing items, payments made for purposes of satisfying or terminating the obligations of the tenant under such Lease to the landlord under another lease (i.e., lease buyout costs), costs of base building work, free rent and other similar inducements,

relocation costs, temporary leasing costs, leasing commissions, brokerage commissions, legal, design and other professional fees and costs, in each case, to the extent the landlord under such Lease is responsible for the payment of such cost or expense.

(j) Purchase Rights. No Person has an existing right of first offer, right of first refusal or purchase option to purchase all or any part of the Property.

(k) Environmental. Seller has received no written notification that any governmental or quasi-governmental authority has determined that there are any violations of any Environmental Law with respect to the Property, and, to Seller's Knowledge, no Hazardous Substances are present on or about the Property or have been released or discharged from the Property in violation of Environmental Laws or in quantities that could require investigation, monitoring, clean-up, remediation or removal under Environmental Laws.

(l) Litigation. There are no legal actions, suits or similar proceedings pending, or, to Seller's knowledge, threatened in writing, against Seller or relating to or affecting the Property

(m) Bankruptcy. Seller has not: (i) commenced a voluntary case, or had entered against it a petition, for relief under any federal bankruptcy act or any similar petition, order or decree under any federal or state law or statute relative to bankruptcy, insolvency or other relief for debtors, (ii) caused, suffered or consented to the appointment of a receiver, trustee, administrator, conservator, liquidator or similar official in any federal, state or foreign judicial or non-judicial proceedings, to hold, administer and/or liquidate all or substantially all of its property or the Property, or (iii) made an assignment for the benefit of creditors.

(n) Compliance. Seller has not received written notice from a governmental entity having jurisdiction over the Property to the effect that the Property is not in compliance with any applicable zoning law, building codes or any other applicable laws, including without limitation Environmental Laws. Seller has not received written notice from any party to any covenants, conditions, and restrictions, easements or similar agreements encumbering or benefitting the Property to the effect that the Property is not in compliance with such covenants, conditions, and restrictions, easements or similar agreements.

(o) Employees. Seller has no employees at the Property and has never had any employees at the Property whose designated place of employment was the Property.

(p) Energy Use Disclosure. Seller represents and warrants that it has taken all action required pursuant to the disclosure process under the California Nonresidential Building Energy Use Disclosure Program (California AB 1103 (2007), AB 531 (2009) and regulations adopted pursuant thereto), including, but not limited to, opening an account or updating its account on the Environmental Protection Agency's Energy Star Program Portfolio Manager website and providing all permissions and taking all action required of an owner of a non-residential building under such program.

Section 6.2. Survival of Representations and Warranties.

(a) If any of the facts contained in the Seller Representations, as described in Section 6.1, change in any material respect between the date hereof and the Closing Date, then promptly upon learning of such change in facts, Seller shall disclose such changes in writing to Purchaser. Purchaser

may, based on such disclosure, elect to terminate this Agreement and receive a refund of the Deposit, or proceed with the Closing in accordance with the terms hereof.

(b) The Seller Representations set forth in Section 6.1 shall survive the Closing for a period of six (6) months (the “**Survival Period**”). Purchaser shall provide notice to Seller pursuant to Section 10.3 with respect to any claim relating to a Seller Representation prior to the end of the Survival Period. The full amount of any valid claims relating to the Seller Representations shall be actionable beginning at an aggregate sum of \$50,000 (at which point the full amount of such claim shall be actionable), and continuing to an amount up to but not exceeding two and one half percent (2.5%) of the Purchase Price (the “**Representations Cap**”). In no event shall Seller’s aggregate liability for any and all breaches of any Seller Representations exceed the amount of the Representations Cap and Purchaser hereby waives and disclaims any right to damages or compensation for any and all such breaches whose aggregate is less than \$50,000 or in excess of the Representations Cap.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Section 7.1. Purchaser's Representations and Warranties. Purchaser hereby represents and warrants to Seller as follows as of the Effective Date and as of the Closing Date:

(a) **Bankruptcy.** Purchaser has not: (i) commenced a voluntary case, or had entered against it a petition, for relief under any federal bankruptcy act or any similar petition, order or decree under any federal or state law or statute relative to bankruptcy, insolvency or other relief for debtors, (ii) caused, suffered or consented to the appointment of a receiver, trustee, administrator, conservator, liquidator or similar official in any federal, state or foreign judicial or non-judicial proceedings, to hold, administer and/or liquidate all or substantially all of its property, or (iii) made an assignment for the benefit of creditors.

(b) **Organization and Authority.** Purchaser is duly organized and is validly existing under the laws of the [State of Delaware] and is in good standing in the States of [Delaware] and California. Purchaser has the full right and authority to enter into this Agreement and to purchase the Property pursuant hereto on the Closing Date and to consummate or cause to be consummated the transactions contemplated herein to be made by Purchaser.

(c) **Consents and Approvals.** No consent, waiver, approval or authorization of or notice to any other person is required to be made, obtained or given by Purchaser in connection with the execution and delivery of this Agreement or any other document executed in connection herewith, or with the transactions contemplated by this Agreement. Purchaser makes no representation as to whether any agreement binding on Seller requires a consent in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated by this Agreement.

(d) **No Violation.** The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in a breach of any terms of, or constitute a default under, any agreement or instrument to which Purchaser is a party, or, to Purchaser’s knowledge, violate any laws applicable to Purchaser.

Section 7.2. Purchaser's Independent Investigation. THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT HAS BEEN NEGOTIATED BETWEEN SELLER AND PURCHASER, THIS AGREEMENT

REFLECTS THE MUTUAL AGREEMENT OF SELLER AND PURCHASER, AND PURCHASER HAS CONDUCTED ITS OWN INDEPENDENT EXAMINATION OF THE PROPERTY. OTHER THAN THE MATTERS REPRESENTED IN SECTION 6.1 HEREOF, PURCHASER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY REPRESENTATION OR WARRANTY OF SELLER OR ANY OF SELLER'S AGENTS OR REPRESENTATIVES, AND PURCHASER HEREBY ACKNOWLEDGES THAT NO SUCH REPRESENTATIONS HAVE BEEN MADE. OTHER THAN THE MATTERS REPRESENTED IN SECTION 6.1 HEREOF, SELLER SPECIFICALLY DISCLAIMS, AND NEITHER IT NOR ANY OTHER PERSON IS MAKING, ANY REPRESENTATION, WARRANTY OR ASSURANCE WHATSOEVER TO PURCHASER AND NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EITHER EXPRESS OR IMPLIED, ARE MADE BY SELLER OR RELIED UPON BY PURCHASER WITH RESPECT TO THE STATUS OF TITLE TO OR THE MAINTENANCE, REPAIR, CONDITION, DESIGN OR MARKETABILITY OF THE PROPERTY, OR ANY PORTION THEREOF, INCLUDING BUT NOT LIMITED TO (a) ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY, (b) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, (c) ANY IMPLIED OR EXPRESS WARRANTY OF CONFORMITY TO MODELS OR SAMPLES OF MATERIALS, (d) ANY RIGHTS OF PURCHASER UNDER APPROPRIATE STATUTES TO CLAIM DIMINUTION OF CONSIDERATION, (e) ANY CLAIM BY PURCHASER FOR DAMAGES BECAUSE OF DEFECTS, WHETHER KNOWN OR UNKNOWN, WITH RESPECT TO THE IMPROVEMENTS OR THE PERSONAL PROPERTY, (f) THE FINANCIAL CONDITION OR PROSPECTS OF THE PROPERTY AND (g) THE COMPLIANCE OR LACK THEREOF OF THE REAL PROPERTY OR THE IMPROVEMENTS WITH GOVERNMENTAL REGULATIONS, IT BEING THE EXPRESS INTENTION OF SELLER AND PURCHASER THAT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE PROPERTY WILL BE CONVEYED AND TRANSFERRED TO PURCHASER IN ITS PRESENT CONDITION AND STATE OF REPAIR, "AS IS" AND "WHERE IS", WITH ALL FAULTS.

Purchaser represents that it is a knowledgeable, experienced and sophisticated buyer of real estate, and that it is relying solely on its own expertise and that of Purchaser's consultants in purchasing the Property. Purchaser acknowledges and agrees that it has had the opportunity to conduct such inspections, investigations and other independent examinations of the Property and related matters, including but not limited to the physical and environmental conditions thereof, and will rely upon same and not upon any statements of Seller or of any officer, director, employee, agent or attorney of Seller except as set forth in Section 6.1. Purchaser acknowledges that all information obtained by Purchaser will be obtained from a variety of sources and Seller will not be deemed to have represented or warranted the completeness, truth or accuracy of any of the Due Diligence Items or other such information heretofore or hereafter furnished to Purchaser, except as otherwise provided herein, including pursuant to Section 6.1. Purchaser further acknowledges and agrees that there are no oral agreements, warranties or representations, collateral to or affecting the Property, by Seller, any agent of Seller or any third party, except as otherwise provided herein. Seller is not liable or bound in any manner by any oral or written statements, representations or information pertaining to the Property furnished by any real estate broker, agent, employee, servant or other person, unless the same are specifically set forth or referred to herein. Purchaser acknowledges that the Purchase Price reflects the "as is, where is" nature of this sale and any faults, liabilities, defects or other adverse matters that may be associated with the Property. PURCHASER, WITH PURCHASER'S COUNSEL, HAS FULLY REVIEWED THE DISCLAIMERS AND WAIVERS SET FORTH IN THIS AGREEMENT, AND UNDERSTANDS THE SIGNIFICANCE AND EFFECT THEREOF. PURCHASER ACKNOWLEDGES AND AGREES THAT THE DISCLAIMERS AND OTHER AGREEMENTS SET FORTH HEREIN ARE AN INTEGRAL PART OF THIS AGREEMENT, AND THAT SELLER WOULD NOT HAVE AGREED TO SELL THE PROPERTY TO PURCHASER FOR THE PURCHASE PRICE WITHOUT THE DISCLAIMER AND OTHER AGREEMENTS SET FORTH IN THIS AGREEMENT. THE TERMS AND CONDITIONS OF THIS SECTION 7.2 WILL EXPRESSLY SURVIVE THE CLOSING, WILL NOT MERGE WITH THE PROVISIONS OF ANY CLOSING DOCUMENTS.

The provisions of Section 7.2 shall survive either (i) the Closing and the recordation of the Deed, and shall not be deemed merged into the Deed upon its recordation, or (ii) any termination of this Agreement.

ARTICLE VIII

INTERIM OPERATING COVENANTS

Section 8.1. Interim Operating Covenants. From and after the Effective Date until the earlier termination of this Agreement or Closing, Seller shall use commercially reasonable efforts to maintain and operate the Property in substantially the same manner as prior hereto pursuant to its normal course of business (such maintenance obligations not including capital expenditures or expenditures not incurred in such normal course of business), subject to reasonable wear and tear and further subject to destruction by casualty, condemnation or other events beyond the reasonable control of such Seller. Without limiting the foregoing, Seller shall:

- (a) maintain all existing insurance covering the Property;
- (b) not enter into any new lease or other occupancy agreement without obtaining Purchaser's consent, in Purchaser's sole and absolute discretion (provided, however, nothing in this Section 8.1(b) will prevent the tenant from entering into subleases that do not require the consent of the Seller);
- (c) not sell, assign or create any right, title or interest whatsoever in or to the Property, or encumber the Property with any mortgages, deeds of trust or other encumbrances without obtaining Purchaser's consent, in Purchaser's sole and absolute discretion;
- (d) enter into only those third-party service contracts which are necessary to carry out its obligations and which are cancelable on thirty (30) days written notice.
- (e) not apply for any changes in the zoning of the Property; and
- (f) not apply any tenant's security deposit unless Seller notifies Purchaser prior to applying any tenants' security deposits, and Purchaser has given prior written consent (not to be unreasonably withheld, conditioned or delayed) to such application.

In the event that Seller breaches the covenant provided for in this Article VIII, then Purchaser shall either (1) terminate this Agreement and receive a refund of the Deposit, and Seller and Purchaser shall have no further rights or obligations under this Agreement, except those which expressly survive such termination, or (2) proceed with the Closing of the transactions contemplated by this Agreement and waive any claim that Purchaser may have with respect to the breach of such covenant.

ARTICLE IX

CLOSING AND CONDITIONS

Section 9.1. Escrow Instructions. Upon execution of this Agreement, the parties hereto shall deposit an executed counterpart of this Agreement with the Escrow Agent, and this Agreement shall serve as escrow instructions to the Escrow Agent as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and Purchaser agree to execute such reasonable additional and supplementary escrow instructions as may be appropriate to enable the Escrow Agent to

comply with the terms of this Agreement; provided, however, that in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement shall control.

Section 9.2. Closing. The closing hereunder ("**Closing**") shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made through escrow at Escrow Agent's office on the Closing Date. Such date may not be extended without the prior written approval of both Seller and Purchaser. On the Closing Date, Purchaser shall deposit in escrow with the Escrow Agent the Purchase Price (subject to adjustments described in Section 9.6), together with all other costs and amounts to be paid by Purchaser at the Closing pursuant to the terms of this Agreement, by Federal Reserve wire transfer of immediately available funds to an account to be designated by the Escrow Agent. On the Closing Date, (a) Purchaser will cause the Escrow Agent to (i) pay to Seller by Federal Reserve wire transfer of immediately available funds to an account designated by Seller, the Purchase Price (subject to adjustments described in Section 9.6), less any costs or other amounts to be paid by Seller at Closing pursuant to the terms of this Agreement, and (ii) pay all appropriate payees the other costs and amounts to be paid by Purchaser at Closing pursuant to the terms of this Agreement and (b) Seller will direct the Escrow Agent to pay to the appropriate payees out of the proceeds of Closing payable to Seller, all costs and amounts to be paid by Seller at Closing pursuant to the terms of this Agreement.

Section 9.3. Seller's Closing Documents and Other Items. At or before Closing, Seller shall deposit into escrow the following items:

- (a) A duly executed and acknowledged Grant Deed in the form attached hereto as Exhibit "B" (the "**Deed**");
- (b) Four (4) duly executed counterparts of a Bill of Sale in the form attached hereto as Exhibit "C" (the "**Bill of Sale**");
- (c) Four (4) duly executed counterparts of an Assignment and Assumption of Leases in the form attached hereto as Exhibit "D" (the "**Assignment and Assumption of Leases**");
- (d) Four (4) duly executed counterparts of an Assignment and Assumption of Intangibles in the form attached hereto as Exhibit "E" (the "**Assignment and Assumption of Intangibles**");
- (e) An affidavit pursuant to Section 1445(b)(2) of the Code, and on which Purchaser is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Code;
- (f) A California Form 593-C Real Estate Withholding Certificate and, if required in connection therewith, a California 593-E Computation of Estimated Gain or Loss;
- (g) Duly completed and signed real estate transfer tax declarations for the Property;
- (h) Such evidence as Purchaser's counsel may reasonably require as to the authority of the person or persons executing documents on behalf of Seller;
- (i) An executed Closing Statement;

(j) A certificate updating the Seller Representations as of the Closing Date. The matters contained in such certificate shall survive the Closing for the Survival Period.

(k) A title affidavit from Seller as required to facilitate the issuance of any title insurance policy sought by Purchaser in connection with the transactions contemplated hereby;

(m) Duplicate originals of notices to all tenants stating that (i) the Property has been sold and conveyed to Purchaser; (ii) the Leases have been assigned to Purchaser; (iii) the security deposit, if any, under each such tenant's Lease (less any valid deductions therefrom) has been transferred to Purchaser; and (iv) such other matters as are required by applicable law or pursuant to the terms of the Leases or which either party may reasonably request; and

(n) Such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

In addition, Seller shall deliver to Purchaser original tenant files, current utility bills, copies of financial reports for the Property in Seller's possession or control for the one-year period prior to the Closing Date, the Leases, all engineering, structural, geologic, environmental and similar reports applicable to the Property, any plans and specifications for the Improvements at or promptly following the Closing to the extent the same are in Seller's possession or control.

Section 9.4. Purchaser's Closing Documents and Other Items. At or before Closing, Purchaser shall deposit into escrow the following items:

(a) The balance of the Purchase Price and such additional funds as are necessary to close this transaction;

(b) Four (4) duly executed counterparts of the Bill of Sale;

(c) Four (4) duly executed counterparts of the Assignment and Assumption of Leases;

(d) Four (4) duly executed counterparts of the Assignment and Assumption of Intangibles;

(e) Such evidence as Seller's counsel may reasonably require as to the authority of the person or persons executing documents on behalf of Purchaser;

(f) Duly completed and signed real estate transfer tax declarations for each Property;

(g) A certificate updating the representations and warranties made by Purchaser in Section 7.1 hereof as of the Closing Date.

(h) An executed Closing Statement; and

(i) Such additional documents as shall be reasonably required to consummate the transaction contemplated by this Agreement.

Section 9.5. Closing Conditions.

(a) **Conditions Precedent to Obligation of Purchaser.** The obligation of Purchaser to consummate the Closing shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Purchaser in its sole discretion:

(i) Seller shall have delivered to Purchaser all of the items required to be delivered to Purchaser pursuant to the terms of this Agreement on the Closing Date, including but not limited to, those provided for in Section 9.3.

(ii) All of Seller's Representations shall be true and correct in all material respects as of the Closing Date.

(iii) Seller shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by Seller as of the Closing Date.

(iv) On or prior to the Closing Date, Purchaser shall have received an estoppel certificate in the form attached as Exhibit "K" hereto (each a "**Tenant Estoppel Certificate**") from Starburst I, Inc. or its assignee for each of its Leases. Seller hereby agrees to promptly deliver copies of any and all Tenant Estoppel Certificates executed by Starburst I, Inc. to Purchaser after Seller's receipt of the same.

(b) **Conditions Precedent to Obligation of Seller.** The obligation of Seller to consummate the Closing shall be subject to the fulfillment on or before the Closing Date of all of the following conditions, any or all of which may be waived by Seller in its sole discretion:

(i) Purchaser shall have delivered to Seller all of the items required to be delivered to Seller pursuant to the terms of this Agreement on the Closing Date, including but not limited to, those provided for in Section 9.4.

(ii) All of the representations and warranties of Purchaser contained in this Agreement shall be true and correct in all material respects as of the Closing Date.

(iii) Purchaser shall have performed and observed, in all material respects, all covenants and agreements of this Agreement to be performed and observed by Purchaser as of the Closing Date.

Section 9.6. Prorations and Closing Costs.

(a) All income and expenses in connection with the operation of the Property shall be apportioned, as of 11:59 p.m. on the date prior to the Closing Date (the "**Adjustment Date**"), such that, except as otherwise expressly provided to the contrary in this Agreement, (i) Seller shall have the benefit of income and the burden of expenses before and on the Adjustment Date and (ii) Purchaser shall have the benefit of income and the burden of expenses for the Closing Date and thereafter. The preliminary proration shall be paid at Closing by Purchaser to Seller (if the preliminary prorations result in a net credit to Seller) or by Seller to Purchaser (if the preliminary prorations result in a net credit to Purchaser) by increasing or reducing the cash to be delivered by Purchaser in payment of the Purchase Price at the Closing. The items below will be prorated at Closing utilizing the information known at that time:

(i) rents, if any, based on the amounts collected and attributable to the current month of Closing and such current month rents shall be allocated to the current month and then to any period prior to Closing to the extent applicable. The term "rents" as used in this Agreement includes all payments due and payable by tenants under any Leases, including, any additional rents, percentage rents, CAM charges, late charges or other fees or reimbursements paid by tenants under any Leases;

(ii) ad valorem taxes and assessments levied against the Property, which shall be prorated as set forth in Section 9.6(b)(i) hereof;

(iii) gas, electricity and other utility charges for which Seller is liable, if any, such charges to be apportioned at Closing on the basis of the most recent meter reading occurring prior to Closing or an estimate based on the latest available bill, tenant reimbursements for such matters are addressed by the rent proration provisions. Seller shall receive a credit for any utility deposits in place for the benefit of Seller at closing but only to the extent that such deposit remains outstanding for the benefit of Purchaser and the Property after closing;

(iv) all accrued liabilities and accounts payable relating to the ownership, operation and management of the Property, calculated by the parties acting reasonably in accordance with generally accepted accounting principles;

(v) all Seller business interruption insurance proceeds (including without limitation any rental interruption insurance proceeds); and

(b) Notwithstanding the foregoing:

(i) All property taxes and assessments which accrued for the 2014 tax year and which are payable during the 2014 calendar year by the owner of record shall be prorated based upon the property tax and assessment bills for 2014 (plus an amount equal to the maximum lawful year-to-year increases in those taxes and assessments). Seller shall be debited an amount equal to such taxes and assessments to the extent allocable to the period which precedes the Closing Date. Seller shall have no liability for the remaining balance of all such taxes and assessments. To the extent that the actual taxes and assessments for the current tax year differ from the amount apportioned at Closing, the parties shall make all necessary adjustments by appropriate payments between themselves following Closing upon the availability of the final tax bills.

(ii) All Additional Rents (as defined below) which have been received in respect to the month in which the Closing Date occurs (the "**Current Month**") shall be prorated as of the Closing Date. Such Additional Rents for the Current Month which have been received as of the Closing Date shall be prorated on a per diem basis based upon the number of days in the Current Month prior to, but not including, the Closing Date (which shall be allocated to Seller) and the number of days in the Current Month from and after the Closing Date (which shall be allocated to Purchaser). Purchaser shall be solely responsible, after the Closing Date, for collecting unpaid Additional Rents. Additional Rents for calendar year 2014 are paid on an estimated basis in monthly installments. Before the Effective Date, Seller has prepared and delivered to Purchaser a reconciliation ("**Additional Rents Reconciliation**") of (i) actual operating and similar expense of the Property upon which Additional Rents are based ("**Additional Rent**

Expenses") for the period commencing on January 1, 2014 and ending on the last day of the Current Month ("**Additional Rents Reconciliation Period**"), it being understood that certain Additional Rents Expenses for the Additional Rents Reconciliation Period, if not based on actual amounts (such as certain operating expenses for the Current Month), may be reasonably estimated by Seller; and (ii) Additional Rents collected by Seller for that portion of the Additional Rents Reconciliation Period prior to the Current Month and Additional Rents payable for the Current Month. Any amount shown to be owed by Seller to the tenants of the Property under the Additional Rents Reconciliation shall be credited to Purchaser at the Closing, and any amounts shown to be owed to Seller by Tenants of the Property under the Additional Rents Reconciliation shall be credited to Seller at the Closing. For purposes of hereof, "Additional Rents" shall mean any and all amounts reimbursable by tenants under the terms of the Leases, licensees under the terms of their licenses, parties to reciprocal easement and/or operating agreements under the terms of such agreements or other parties under the terms of their agreements with Seller, in each case for common area maintenance expenses, operating expenses and other expenses for or pertaining to the Property.

(iii) The parties shall prorate, as of the Closing Date, all other common area maintenance expenses, operating expenses and other expenses for or pertaining to the Property ("**Operating Expenses**"), including, but not limited to, public utility charges, maintenance costs, prepaid expenses and other expenses under maintenance, service and equipment contracts that are not, in each case, payable by any tenants. Pursuant to such proration, Purchaser shall receive a credit against the Purchase Price equal to the amount of Operating Expenses allocable to the period of time prior to the Closing Date which remain unpaid as of the Closing Date, and which Purchaser is obligated to pay after the Closing Date, and Seller shall receive a credit equal to the amount of Operating Expenses allocable to the Closing Date and any period of time thereafter which are paid prior to the Closing Date. If the amount of any Operating Expenses is not known as of the Closing Date, Seller shall estimate such amount in good faith based upon the most current information available to Seller. Purchaser hereby assumes and agrees in favor of Seller timely to perform the obligation to pay any Operating Expenses which remain unpaid as of the Closing Date and for which Purchaser receives a credit under this section

(iv) Unpaid and delinquent rents collected by Seller and/or Purchaser after the Closing Date shall be delivered as follows: all rents received from and after the Closing Date, if not otherwise designated by the tenant paying such rent, shall be applied first to current rent obligations, then to any delinquent rent obligations that are applicable to the period after Closing the Closing, and then to delinquent rent obligations that are applicable to the period prior to Closing. After the Closing, Purchaser shall use reasonable efforts to collect all rents in the usual course of operation of the Property, but Purchaser will not be obligated to institute any lawsuit or other collection procedures to collect delinquent rents. In addition, Seller hereby retains the right to pursue any tenant under the Leases for any sums due such Seller for periods attributable to such Seller's ownership of the Property; provided, however, Seller (i) shall be required to notify Purchaser in writing of Seller's intention to commence or pursue any legal proceedings; (ii) shall only be permitted to commence or pursue legal proceedings after the date which is three (3) months after Closing; and (iii) shall not be permitted to commence or pursue any legal proceedings against any tenant seeking eviction of such tenant or the termination of the underlying Lease. In the event that there shall be any rents or other charges under any Leases which, although relating to a period prior to the Closing, do not become due and payable until after the Closing or are paid prior to the Closing but are subject to adjustment after the

Closing, then any rents or charges of such type received subsequent to the Closing shall, to the extent applicable to a period extending through the Closing, be prorated between Seller and Purchaser as of the Closing and Seller's share thereof shall be remitted promptly to Seller by Purchaser.

(v) Purchaser shall receive a credit for the Tenant Improvement Allowance due pursuant to the Two Circle Star Way Lease. Seller shall be responsible for all other outstanding Leasing Costs described on Exhibit "G" attached hereto. Purchaser shall be solely responsible for such Leasing Costs from and after the Closing.

(c) Seller shall prepare a statement of the adjustments and shall deliver a copy thereof (to which there will be annexed complete details of the calculations made therein), to Purchaser for approval on the Closing Date (the "**Closing Statement**"). A post-closing "true-up" shall take place no later than 180 days after the Closing to adjust the prorations of the proration items above if necessary. Prior to such 180 days after the Closing, Purchaser shall (i) make a preliminary determination of the adjustments and (ii) deliver to Seller a complete statement of such adjustments. Within 30 days after receipt of such adjustment, Seller and Purchaser shall make a mutually agreed, final adjustment (as of the Adjustment Date) between themselves for any proration amounts in question or based on estimations as of the Closing Date.

(d) Seller shall pay (a) one-half of the Escrow Agent's escrow fee, (b) all documentary stamp taxes and all state, county and local transfer taxes, and (c) any additional costs and charges customarily charged to sellers in accordance with common escrow practices in San Mateo County, California, other than those costs and charges specifically required to be paid by Purchaser hereunder. Purchaser shall pay (a) one-half of the Escrow Agent's escrow fee, (b) The cost of the owner's title insurance policy, and premium charges, extended coverage or special endorsements, including any additional premium charge(s) for endorsements and/or deletion(s) of exception items and any cancellation charge(s) imposed by any title company in the event title insurance policy is not issued, unless caused by willful default of Seller, and, (c) any and all sales or use taxes relating to the transfer of personal property to purchaser, (d) any and all recording fees and (e) any additional costs and charges customarily charged to buyers in accordance with common escrow practices in San Mateo County, California, other than those costs and charges specifically required to be paid by Seller hereunder. In addition to the foregoing, Purchaser shall be responsible for any costs of obtaining any surveys of the Property required for issuance of any title insurance policies. Except as set forth above, all other costs and expenses incident to the transaction contemplated by this Agreement and the Closing thereof shall be paid by the party incurring same, including without limitation the fees of any counsel representing such party in connection with this Agreement.

(e) The provisions of this Section 9.6 shall survive the Closing for a period of twelve (12) months.

Section 9.7. Brokers. Seller and Purchaser agree that there are no brokerage commission payable in connection with this Agreement, except for Seller's broker, CBRE, Inc. ("**Seller's Broker**"). Seller shall pay such commission. Seller agrees to indemnify Purchaser for any and all claims made for a brokerage commission or finder's fees for parties claiming through Seller in connection with this Agreement. Purchaser agrees to indemnify Seller for any and all claims made for brokerage commission or finder's fees for parties claiming through Purchaser in connection with this Agreement (other than Seller's Broker). The provisions of this paragraph shall survive Closing.

Section 9.8. Expenses. Except as provided in Sections 9.6 and 9.7, each party hereto shall pay its own expenses incurred in connection with this Agreement and the transactions contemplated hereby, including, without limitation in the case of Purchaser, all third-party engineering and environmental review costs and all other due diligence costs.

ARTICLE X

MISCELLANEOUS

Section 10.1. Amendment and Modification. This Agreement cannot be changed orally, and no executory agreement shall be effective to waive, change, modify or discharge it in whole or in part unless such executory agreement is in writing and is signed by the parties against whom enforcement of any waiver, change, modification or discharge is sought.

Section 10.2. Risk of Loss.

(a) **Minor Loss.** In the event of loss or damage to the Property or any portion thereof which is not “major” (as hereinafter defined), this Agreement shall remain in full force and effect, and both Seller and Purchaser shall be obligated to proceed to Closing, provided, however, that Purchaser shall be credited at Closing with an amount equal to the amount of any insurance proceeds or condemnation awards collected by Seller as a result of any such damage or destruction or condemnation, plus the amount of any insurance deductible, plus any uninsured amount in respect of such loss or damage, less any sums expended by Seller toward the restoration or repair of the Property or in collecting such insurance proceeds or condemnation awards. If the proceeds or awards have not been collected as of the Closing, then such proceeds or awards shall be assigned to Purchaser, and Purchaser shall additionally be entitled to a credit at Closing for the amount of any insurance deductible and any uninsured amount in respect of such loss or damage, except to the extent needed to reimburse Seller for sums expended prior to the Closing to repair or restore the Property or to collect any such proceeds or awards. From and after the Closing Date, full risk of loss with respect to the Property shall pass to Purchaser.

(b) **Major Loss.** In the event of a “major” loss or damage, Purchaser may terminate this Agreement by written notice to Seller, in which event the Deposit shall be returned to Purchaser. If Purchaser does not elect to terminate this Agreement within ten (10) days after Seller sends Purchaser written notice of the occurrence of major loss or damage, then Purchaser shall be deemed to have elected to proceed with Closing, in which event Seller shall perform any repairs necessary or advisable to render the Property in a reasonably safe condition, and credit Purchaser at Closing with an amount equal to the amount of any insurance proceeds or condemnation awards collected by Seller as a result of any such major loss or damage, plus the amount of any insurance deductible, plus any uninsured amount in respect of such loss or damage, less any sums expended by Seller to render the Property in a reasonably safe condition notwithstanding its damaged state or in collecting such insurance proceeds or condemnation awards. If the proceeds or awards have not been collected as of the Closing, then such proceeds or awards shall be assigned to Purchaser, and Purchaser shall additionally be entitled to a credit at Closing for the amount of any insurance deductible and any uninsured amount in respect of such loss or damage, except to the extent needed to reimburse Seller for sums expended prior to the Closing to repair or restore the Property or to collect any such proceeds or awards. From and after the Closing Date, full risk of loss with respect to the Property shall pass to Purchaser.

(c) **Definition of "major".** For purposes of this Section 10.2, "major" loss or damage refers to the following: (i) loss or damage to the Property or any portion thereof such that the cost of repairing or restoring the Property to a condition substantially identical to that prior to the event of damage would be, in the opinion of an architect selected by Seller and reasonably approved by Purchaser, equal to or greater than Ten Million and No/100 Dollars (\$10,000,000.00), and (ii) any loss due to a condemnation which materially impairs the current use of the Property either permanently or for a period exceeding (or that is reasonably likely to exceed) six (6) months. If Purchaser does not give notice to Seller of Purchaser's reasons for disapproving an architect within five (5) Business Days after receipt of notice of the proposed architect, Purchaser shall be deemed to have approved the architect selected by Seller.

Section 10.3. Notices. Any notice pursuant to this Agreement shall be given in writing (a) personally, (b) by United States registered or certified mail, postage prepaid, (c) by Federal Express or other reputable courier service regularly providing evidence of delivery (with charges paid by the party sending the notice), or (d) by a PDF or similar attachment to an email, provided that such email attachment shall be followed within one (1) business day by delivery of such notice pursuant to clause (a), (b) or (c) above, in each case to the addresses set forth below, or to such other address or to the attention of such other person as the addressee shall have designated by written notice sent in accordance herewith. Notice shall be deemed to have been given either at the time of actual delivery, or, in the case of expedited delivery service or mail, as of the date of first attempted delivery at the address and in the manner provided herein. Unless changed in accordance with the preceding sentence, the addresses for notices given pursuant to this Agreement shall be as follows:

If to Purchaser:

[_____]
[_____]
[_____]
Attention:[_____]
Email: [_____]

with copies to

[_____]
[_____]
[_____]
Attention:[_____]
Email: [_____]

and

[_____]
[_____]
[_____]
Attention:[_____]
Email: [_____]

If to Seller:

Real Property Services

455 County Center, 4th Floor
Redwood City, CA 94063
Attention: Freda Manuel

with a copy to:

County Counsel
400 County Center, 6th Floor
Redwood City, CA 94063
Attention: John Nibbelin

If to Escrow Agent: [_____]
 [_____]
 [_____]
 Attention:[_____]
 Email: [_____]

Notice served upon or by the attorney for each party shall be deemed to be notice received by or given by such party.

Section 10.4. Successors and Assigns. The terms and provisions of this Agreement are to apply to and bind the permitted successors and assigns of the parties hereto. This Agreement may not be assigned by Seller or Purchaser in whole or in part, without the express written consent of the non-assigning party; provided, however, Purchaser may assign all of its interest in this Agreement on or before the Closing Date to an entity or entities (a “**Purchaser Assignee**”) in which Purchaser or any parent of Purchaser, directly or indirectly, through one or more subsidiaries, has control and has more than a 50% ownership interest. In the event of a transfer to a Purchaser Assignee, Purchaser Assignee shall assume in writing all of the transferor’s obligations and liabilities hereunder (whenever arising, whether before or after such assumption), but such transferor shall not be released from its obligations hereunder. No consent given by Seller to any transfer or assignment of Purchaser’s rights or obligations hereunder shall be construed as a consent to any other transfer or assignment of Purchaser’s rights or obligations hereunder. No transfer or assignment in violation of the provisions hereof shall be valid or enforceable.

Section 10.5. Governing Law and Consent to Jurisdiction. **THIS AGREEMENT IS PERFORMABLE IN THE STATE OF CALIFORNIA AND SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE SUBSTANTIVE FEDERAL LAWS OF THE UNITED STATES AND THE LAWS OF THE STATE OF CALIFORNIA. EACH OF THE SELLER AND PURCHASER HEREBY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA AND AGREES THAT COURTS IN THE STATE OF CALIFORNIA WILL BE A PROPER VENUE FOR THE ADJUDICATION OF ANY DISPUTE ARISING UNDER THIS AGREEMENT.**

Section 10.6. Counterparts. This Agreement may be executed in counterparts, and all such executed counterparts shall constitute the same agreement. It shall be necessary to account for only one such counterpart in proving this Agreement. The parties hereby acknowledge and agree that facsimile signatures or signatures transmitted by electronic mail in so-called “pdf” format shall be legal

and binding and shall have the same full force and effect as if an original of this Agreement had been delivered.

Section 10.7. Entire Agreement. This Agreement, including the Exhibits, contains the entire agreement between the parties pertaining to the subject matter hereof and fully supersedes all prior written or oral agreements and understandings between the parties pertaining to such subject matter.

Section 10.8. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall nonetheless remain in full force and effect.

Section 10.9. Intentionally Blank.

Section 10.10. Payment of Fees and Expenses. Each party to this Agreement will be responsible for, and will pay, all of its own fees and expenses, including those of its counsel and accountants, incurred in the negotiation, preparation, and consummation of this Agreement and the transaction contemplated hereunder.

Section 10.11. Confidential Information. The parties acknowledge that documents and information received by Seller, a public entity, may be subject to release to the public. The Purchaser acknowledges that Seller may and will disclose or release documents and information as required by law, regulations or any applicable regulatory authority. The provisions of this Section 10.11 shall survive any termination of this Agreement.

Section 10.12. No Joint Venture. Nothing set forth in this Agreement shall be construed to create a joint venture between Purchaser and Seller.

Section 10.13. Limited Liability. Neither the members, managers, employees or agents of Seller, nor the shareholders, officers, directors, employees or agents of any of them shall be liable under this Agreement and Purchaser shall look solely to the assets of Seller for the payment of any claim or the performance of any obligation by Seller. Neither the members, managers, employees or agents of Purchaser, nor the shareholders, officers, directors, employees or agents of any of them shall be liable under this Agreement and Seller shall look solely to the assets of Purchaser for the payment of any claim or the performance of any obligation by Purchaser.

Section 10.14. Time of Essence. Time is of the essence of this Agreement.

Section 10.15. No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver, nor shall a waiver in any instance constitute a waiver in any subsequent instance. No waiver shall be binding unless executed in writing by the party making the waiver.

Section 10.16. Not an Offer. The preparation or distribution of drafts hereof by one party to the other shall not be deemed to constitute an offer and this Agreement shall only become binding and enforceable upon execution hereof by both parties.

Section 10.17. No Third Party Beneficiaries. The provisions of this Agreement and of the documents to be executed and delivered at Closing are and will be for the benefit of the parties hereto

only and are not for the benefit of any third party, and accordingly, no third party shall have the right to enforce the provisions of this Agreement or of the documents to be executed and delivered at Closing.

Section 10.18. No Memorandum. Purchaser shall not record any memorandum of this Agreement.

Section 10.19. Discharge of Obligations. The acceptance of the assignment of the Property on the Closing Date by Purchaser shall be deemed to be a full performance and discharge of every agreement and obligation on the part of Seller to be performed pursuant to the provisions of this Agreement except those which are herein specifically stated to survive Closing.

Section 10.20. Calculation of Time Periods. Unless otherwise specified, in computing any period of time described in this Agreement, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday under the laws of the State of California, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday or legal holiday. The final day of any such period shall be deemed to end at 5 p.m. (EST). For purposes of this Agreement, the term "Business Day" shall mean any day other than a Saturday, Sunday or legal holiday under the laws of the State of California.

Section 10.21. Further Assurances. Each party agrees that it will without further consideration execute and deliver such other documents and take such other action, whether prior or subsequent to Closing, as may be reasonably requested by the other party to consummate more effectively the purposes or subject matter of this Agreement. The provisions of this Section 10.22 shall survive Closing.

Section 10.22. Exclusivity. Unless and until this Agreement has been terminated in accordance with the terms hereof, Seller shall not, nor shall it permit any of its officers, directors, executives, or affiliates to, solicit, initiate, encourage, conduct or engage in negotiations or substantive discussions with any other parties regarding the Property, or any transaction that would compete with the transactions contemplated under this Agreement. Any liability for the breach of this Section shall survive any termination of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

SELLER:

COUNTY OF SAN MATEO

By:

(Title)_____

Date:

ATTEST:

By: _____

Clerk of Said Board

PURCHASER:

[Note: signature block to be inserted]

JOINDER BY ESCROW AGENT

The Escrow Agent is executing this Agreement to evidence its agreement to hold the Deposit and act as escrow agent in accordance with the terms and conditions of this Agreement.

First American Title Insurance Company

By: _____

Name: _____

Title: _____