

AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE

by and between

Selby and Hudson Corporation, a California Corporation,
as Seller

and

CITY AND COUNTY OF SAN FRANCISCO,
as Buyer

For the purchase and sale of

555 Selby Street, Block 5250, Lot 15
San Francisco, California

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AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE
(555 Selby Street, Assessor's Block 5250, Lot 15, San Francisco)

THIS AGREEMENT OF PURCHASE AND SALE FOR REAL ESTATE (this "Agreement") dated for reference purposes only as of date-TBD, 2015("Signing Date") is by and between Selby and Hudson Corporation., a California Corporation("Seller"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Buyer" or "City").

IN CONSIDERATION of the payment of the non-refundable sum of One Hundred Eighty-Nine Thousand Dollars (\$189,000.00) by City, pursuant to the conditions contained in Section 2.1 herein, and the respective agreements also contained herein below, Seller and City agree as follows:

1. PURCHASE AND SALE

1.1 Property Included in Sale. Seller agrees to sell and convey to City, and City agrees to purchase from Seller, subject to the terms, covenants and conditions hereinafter set forth, the following:

(a) the real property consisting of approximately 72,788 square feet of land, located in the City and County of San Francisco, commonly known as 555 Selby Street, Assessor's Block 5250, Lot 15 and more particularly described in Exhibit A attached hereto (the "Land");

(b) all improvements and fixtures located on the Land, including, without limitation, (i) that certain single-story office building including mezzanine level containing approximately 13,500 square feet of net rentable area and known as 555 Selby Street (the "Building"),, as well as all other buildings and structures located on the Land, (ii) all of Seller's right, title and interest in all fixtures and apparatus directly used in connection with the operation or occupancy of the Land and its improvements such as heating and air conditioning systems and facilities used to provide any utility, refrigeration, ventilation, garbage disposal or other services, and (iii)all on-site parking (collectively, the "Improvements");

(c) to the extent assignable, all of Seller's right, title and interest, if any, in and to all rights, privileges, and easements incidental or appurtenant to the Land or Improvements, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Land, as well as any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Land, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Land or Improvements, and all roads and alleys adjoining or servicing the Land or Improvements (collectively, the "Appurtenances");

(d) all of Seller's right, title and interest, if any, in and to all tangibles located on or in or used in connection with the Land or Improvements as of the Signing Date including, without limitation, equipment, appliances, and those items described in Exhibit B attached hereto; provided, however that the foregoing shall be subject to depletions, replacements and additions which occur in the ordinary course of Seller's business operation of the Property prior to the Closing Date (as defined in Section 6.2 [Closing Date]) and shall expressly exclude any of the same owned by tenants of the Improvements (such tangible personal property shall be referred to herein collectively as, the "Personal Property");

(e) any and all of Seller's right, title and interest in and to the lease of Building (the "Building Lease") affecting the Property that are in effect as of the Closing Date, to the extent expressly approved by City pursuant to Section 5.1(f) of this Agreement or otherwise entered into after the Signing Date pursuant to Section 10.3 of this Agreement (the "Lease"), any guaranties thereof, and any security deposits and prepaid rent paid or deposited by tenants under the Lease;

(f) to the extent assignable all of Seller's right, title and interest, if any, in and to those agreements affecting the Land and the Improvements, other than the Lease, to the extent expressly approved by City and that City elects to assume pursuant to Section 4.1(f) below, or that are the source of obligations that City elects to assume pursuant to Section 10.2 below (collectively, the "Miscellaneous Agreements");

(g) all of Seller's right, title and interest, if any, in and to any other assignable intangible personal property used exclusively in the ownership, use or operation of the Land, Improvements or Personal Property, including, without limitation, the right to use any trade name now used exclusively in connection with the Land or Improvements, all licenses, permits and certificates of occupancy issued by governmental authorities relating to the use maintenance, occupancy and/or operation of the Property, and all warranties and guaranties made by or received from any third party with respect to any building, building component, structure, system, fixture, machinery, equipment, or material situated on, contained in any building or other improvement situated on, or comprising a part of any building or other improvement situated on, any part of the Property (collectively, the "Intangible Property"); and

(h) copies of all books and records relating to tenants, keys, and other materials of any kind owned by Seller and in the possession or control of Seller, its property manager or asset manager, which are used in the continuing operation of the Improvements, other than the Proprietary Material (as defined in Section 5.1(d) below) (collectively, the "Books and Records").

All of the items referred to in Subsections (a), (b), (c), (d), (e), (f), (g) and (h) above are collectively referred to as the "Property."

2. PURCHASE PRICE

2.1 Security Deposit. A deposit in the sum of \$189,000.00 shall be deposited with the Title Company within three (3) business days after the opening of escrow.

2.2 Purchase Price. The total purchase price for the Property is Six Million Three Hundred Thousand and No/100 Dollars (\$6,300,000.00) (the "Purchase Price").

2.3 Payment. On the Closing Date (as defined in Section 6.2 [Closing Date]), City shall pay the Purchase Price, in cash, adjusted pursuant to the provisions of Article 7 [Expenses and Taxes], and reduced by any credits due City hereunder, including the Security Deposit pursuant to Section 2.1 herein, which shall be paid to Seller and credited against the Purchase Price.

Seller acknowledges and agrees that if Seller fails at Closing to deliver to City the documents required under items (vi) and (vii) of Sections 6.3(a) [Seller's Delivery of

Documents], City may be required to withhold a portion of the Purchase Price pursuant to Section 1445 of the United States Internal Revenue Code of 1986, as amended (the "Federal Tax Code"), or Sections 18662 and 26131 of the California Revenue and Taxation Code (the "State Tax Code"). Any amount properly so withheld by City shall be deemed to have been paid by City as part of the Purchase Price, and Seller's obligation to consummate the transaction contemplated herein shall not be excused or otherwise affected thereby.

2.4 Funds. All payments made by any party hereto shall be in legal tender of the United States of America, by wire transfer of immediately available funds to Old Republic Title Company (the "Title Company"), as escrow agent, arranged through the Title Company's offices located at 275 Battery Street, Suite 1500, San Francisco, CA 94111, Attention: Jennifer Raike.

2.5 Personal Property. City and Seller hereby agree that the estimated value of the Personal Property to be conveyed to City as part of the Property does not exceed Five Thousand and No/100 Dollars (\$5,000.00).

2.6 Intentionally Deleted.

3. TITLE TO THE PROPERTY

3.1 Conveyance of Title to the Property. At the Closing Seller shall convey to City marketable fee simple title to the Land, the Improvements and the Appurtenances, by duly executed and acknowledged grant deed in the form attached hereto as Exhibit C (the "Deed"), Such Deed shall be subject only to the following (the "Accepted Conditions of Title") (a) general real estate taxes not yet due or payable as of the date of the Closing; (b) rights of tenants under the Lease; (c) all title matters relating to the Property that are (i) discoverable during the Due Diligence Period (as defined below in Section 4.1(a)) by means of an accurate survey or inspection of the Property, or (ii) disclosed to City in writing before the Closing, except for Disapproved Matters (as defined below in Section 5.1(a)(ii)) and Prohibited Title Exceptions (as defined below in Section 5.1(a)(ii)); (iii) all Disapproved Matters that Seller has not agreed, in one or more Seller's Removal Notices (as defined below in Section 5.1(a)(ii)), to cure, except to the extent, if any, that Seller agrees in one or more Seller's Removal Notices to cure the same; and (iv) all other exceptions, if any, that may be created by City or agreed to by City in writing, including, without limitation, any liens arising from labor, material or services provided at the request of City in connection with its inspection of the Property pursuant to this Agreement. Seller's obligation to cure any Disapproved Matters shall be limited as set forth in Section 5.1(a)(ii), below.

3.2 Title Insurance. It shall be a condition precedent to City's obligation to close the purchase of the Property that Title Company shall be irrevocably committed to issue to City (i) an ALTA extended coverage owner's policy of title insurance (Form B - 1970 amended 4-6-90), or at City's sole option, a CLTA policy of title insurance (the "Owner Policy" or "Title Policy") in the amount of (the "Owner Title Policy Amount") the Purchase Price (provided that the Title Company shall provide to Seller during the Due Diligence Period confirmation of its willingness to issue title insurance in the Owner Title Policy Amount), insuring fee simple and marketable title to the Land, the Appurtenances (to the extent the Title Company may agree in writing, during the Applicable Period (as defined below), to insure such Appurtenances), and the Improvements in City free of the rights of tenants or other occupants (except for the tenants

under the Lease, provided such exception is limited to the interest of such tenants as tenants only without any rights or options to purchase any of the Property), and all other exceptions, liens and encumbrances except solely for the Accepted Conditions of Title pursuant to Sections 3.1 and 5.1(a) of this Agreement, or (ii) an ALTA extended coverage policy, or at City's sole option, a CLTA policy. The Title Policy shall provide full coverage against mechanics' and materialmen's liens arising out of the construction, repair or alteration of any of the Property (except for any liens arising from labor, material or services provided at the request of City in connection with its inspection of the Property pursuant to this Agreement, shall not contain any exclusion from coverage for creditor's rights or bankruptcy, and shall contain an affirmative endorsement (Form CLTA 100 or equivalent ALTA endorsement) that there are no violations of restrictive covenants, if any, affecting the Property, and such special endorsements as City may reasonably request and as the Title Company may agree in writing, during the Applicable Period (as defined below), to issue at the Closing. As used in this Section 3.2, "Applicable Period" means (i) prior to the Closing, with respect to any Newly Disclosed Title Matter (as defined in Section 5.1(a)(ii) below), or (ii) during the Due Diligence Period, with respect to any other matter. If requested by City, the Title Policy and/or the Leasehold Policy shall also provide for reinsurance with direct access with such companies and in such amounts as City may reasonably request, and the Title Company may agree in writing, during the Due Diligence Period, to provide at the Closing.

3.3 Bill of Sale. At the Closing Seller shall transfer title to the Personal Property by bill of sale in the form attached hereto as Exhibit D (the "Bill of Sale"), such title to be free of any liens, encumbrances or interests created by Seller, except for the Accepted Conditions of Title.

3.4 Assignment of Intangibles. At the Closing Seller shall transfer title to the Intangible Property by, an assignment of Intangible Property in the form attached hereto as Exhibit E (the "Assignment of Intangible Property").

3.5 Assignment of Lease.

At the Closing Seller shall transfer its title to the Lease by an assignment of leases in the form attached hereto as Exhibit F (the "Assignment of Lease"), such title to be free of any liens, encumbrances or interests created by Seller, except for the Accepted Conditions of Title.

4. BUYER'S DUE DILIGENCE INVESTIGATIONS

4.1 Due Diligence

(a) As used herein, "Due Diligence Period" shall mean the period commencing on the Signing Date and expiring as of the earlier of (i) the date occurring thirty (30) days after the Signing Date, or (ii) the Closing Date, "Due Diligence Expiration Date".

(b) Within fifteen (15) days after the Signing Date, Seller covenants to deliver to City all of the Documents (as defined in Section 5.1(d), below), the Financial Statements (as defined in Section 5.1(e), below), and the Lease Documents (as defined in Section 5.1(f), below) pertaining to the condition and operation of the Property, to the extent such documents exist and are in the possession or control of Seller, its property manager or its asset manager. Seller further agrees to promptly deliver to City any such Documents thereafter discovered, created or received by Seller, its property manager or its asset manager (each, a "Newly Discovered Document"), and the parties agree that if any such Newly Discovered Document is first delivered to City later than ten (10) days before the expiration of the Due Diligence Period, then the Due

Diligence Period shall be extended until the date that is ten (10) days after the date of such delivery. If a Newly Discovered Document is discovered after the Due Diligence Period, but prior to Closing, then the Due Diligence Period shall be extended, for purposes of the City's review and consideration of such Newly Discovered Document, for a period of ten (10) days after the City's receipt of such Newly Discovered Document. City shall provide to Seller copies of any reports or surveys related to the physical condition of the Property obtained by City during its due diligence (the "Purchaser Reports"); provided, however, City shall have no obligation to cause any such tests, reports or studies to be performed on the Property, and City makes no representation or warranty regarding the truth or accuracy of, and shall have no liability as a result of having provided, such Purchaser Reports. In the event that this Agreement is terminated for any reason, City shall promptly return to Seller the originals of all Documents, Financial Statements and Lease Documents previously delivered to City by or on behalf of Seller.

(c) After the Effective Date and continuing until the expiration of the Due Diligence Period, Seller shall afford City and its Agents reasonable access to the Property, subject to the rights of tenants under the Lease, at all reasonable times during Seller's normal business hours, upon not less than twenty-four (24) hours prior oral or written notice (or such longer period as may be required for Seller to comply with the terms of any Lease, in the case of access to any portion of the Property which is subject to any Lease), for the purposes of investigating the Property, either independently or through City's Agents, to satisfy City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of City's Conditions Precedent (as defined in Section 5.1, below), , including, without limitation, such appraisals, inspections, tests, audits, verifications, inventories, investigations and other due diligence regarding the economic, physical, environmental, title and legal conditions of the Property as City deems proper in its sole discretion, as well as the suitability of the Property for City's intended uses; **PROVIDED, HOWEVER, THAT NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, CITY SHALL NOT MAKE ANY INVASIVE TESTING ON OR ABOUT THE PROPERTY OR UNDERTAKE ANY ACT WHICH WILL CAUSE DAMAGE TO THE PROPERTY WITHOUT OBTAINING THE PRIOR WRITTEN CONSENT OF SELLER WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD.** City will be responsible at its sole expense for performing or arranging any investigations of the Property it elects in its sole discretion to undertake. City shall conduct such entries and any inspections in connection therewith so as to minimize disruption at the Property or interference with Seller's business or with its tenants and in accordance with all applicable laws and otherwise in a manner reasonably acceptable to Seller. Seller shall have the option to have an agent or employee accompany City at all times during its investigation or inspection of the Property. Buyer shall have no right to make inquiries of tenants without Seller's prior consent, which may be conditioned upon an agent or employee of Seller accompanying City and its agents or representatives during such inquiries.

(d) Seller hereby irrevocably authorizes City and its Agents (as defined in Section 12.9, below) to make all inquiries with and applications to any regulatory authority with jurisdiction over the Property as City may reasonably require to complete its due diligence investigations on the Property; provided, however, that no such inquiry or application shall be made prior to the Effective Date and no such application shall impact Seller's ownership of or title to the Property or adversely affect the value thereof, in the event the Closing fails to occur.

(e) City, at its sole expense, shall repair any and all damage resulting from any of the tests, studies, inspections and investigations performed by or on behalf of City that are permitted under this Section 4.1, and City hereby agrees to indemnify and hold Seller, the partners, members, trustees, shareholders, directors, officers and agents of Seller, any party owning a direct or indirect interest in Seller, the affiliates of Seller, and the partners, members, trustees, shareholders, directors, officers, employees, and agents of each of the foregoing parties

(collectively, the "Seller-Related Parties") harmless from any damage or injury to persons or property, and all third party claims, and costs and expenses related thereto, including without limitation reasonable attorney's fees, incurred as a result of investigations of the Property by City or its Agents. Without limiting the generality of the foregoing, City shall remove any mechanic's or other lien which may be recorded against the Property by any party providing labor, materials or services at the request of City. The foregoing repair obligation and indemnity shall not include any damage or injury to the extent the same results from the gross negligence or willful misconduct of Seller or from any pre-existing environmental condition of the Property, except and only to the extent that such environmental condition is exacerbated by City's entry and/or investigation (provided, however, that nothing in this sentence shall affect the rights, obligations or remedies of the parties under subparagraph (c) above). This Section 4.1(e) shall survive the termination of this Agreement or the Closing, as applicable. Notwithstanding the immediately preceding sentence, Seller acknowledges that any claim Seller may have against City arising under this Section 4.1(e) may, as a matter of law, be subject to limitations on timing of presentment pursuant to Section 911.2 and other relevant provisions of the California Government Code; provided, however, that nothing in this sentence shall be deemed to cause any such claim to be subject to such sections of the California Government Code which would not, as a matter of law, be subject to such sections in the absence of this sentence.

(f) City shall notify Seller not later than the expiration of the Due Diligence Period if it desires to receive an assignment of, and to assume Seller's rights and obligations under, any Miscellaneous Agreements pertaining to the Property (other than the Lease and other Miscellaneous Agreements constituting Accepted Conditions of Title), which notice shall specify the Miscellaneous Agreements to be assigned and assumed. Except for the Miscellaneous Agreements set forth in such notice, and except for Miscellaneous Agreements to be assigned to and assumed by City pursuant to any other provisions hereof (such as Lease and other Miscellaneous Agreements constituting Accepted Conditions of Title), Seller shall terminate, at no cost or liability to City all other Miscellaneous Agreements by the Closing Date. Notwithstanding anything herein to the contrary, Seller shall terminate before the Closing, at no cost or liability to City, all management Miscellaneous Agreements affecting the Property.

4.2 City's Right to Terminate.

Notwithstanding anything in this Agreement to the contrary, City may terminate this Agreement by written notice to Seller at any time before the expiration of the Due Diligence Period. Upon any such termination, the Deposit shall be returned to the City, and neither City nor Seller shall have any further rights or obligations hereunder, except as otherwise expressly provided in this Agreement. This Section 4.2 is subject to, and shall not serve to modify or limit, any right or remedy of City arising under Section 5.1, City's Conditions to Closing, or any other provision of this Agreement; provided, however, that any matters which, under the terms of Section 5.1 below, City is entitled to approve or disapprove during the Due Diligence Period shall be deemed to have been approved by City during the Due Diligence Period if City elects not to terminate this Agreement pursuant to this Section 4.2.

4.3 Energy Consumption

City acknowledges and agrees that Seller delivered the Disclosure Summary Sheet, Statement of Energy Performance, Data Checklist, and Facility Summary (all as defined in the California Code of Regulations, Title 20, Division 2, Chapter 4, Article 9, Section 1680) for the Property, copies of which are attached as Schedule 1 to this Agreement, no less than 24 hours prior to City's execution of this Agreement.

5. ENTRY

During the Due Diligence Period and at all times prior to the Closing Date Seller shall afford City and its Agents reasonable access to the Property and all books and records located therein for the purposes of satisfying City with respect to the representations, warranties and covenants of Seller contained herein and the satisfaction of the Conditions Precedent including, without limitation, and subject to the provisions of 4.1(c) the drilling of test wells and the taking of soil borings. City hereby agrees to indemnify and hold Seller harmless from any damage or injury to persons or property caused by the negligence or willful misconduct of City or its Agents during any such entries onto the Property prior to the Closing, except to the extent such damage or injury is caused by the acts or omissions of Seller or any of its Agents. The foregoing Indemnity shall not include any claims resulting from the discovery or disclosure of pre-existing environmental conditions or the non-negligent or willful aggravation of pre-existing environmental conditions on, in, under or about the Property, including the Improvements. In the event this Agreement is terminated for any reason other than Seller's default hereunder, City shall restore the Property to substantially the condition it was found subject to applicable laws. If restoration cannot take place due to applicable laws, Seller shall be compensated for any loss in value of the Property. This indemnity shall survive the termination of this Agreement or the Closing, as applicable, provided that Seller must give notice of any claim it may have against City under such indemnity (i) within three (3) months after the claim is brought by a third party against Seller or (ii) within three (3) months after damage is discovered or should have been discovered by Seller's due diligence if the claim involves damage to Seller's Property caused by Buyer or its Agents.

5.1 City's Conditions to Closing

The following are conditions precedent to City's obligation to purchase the Property (collectively, "City's Conditions Precedent"):

(a) City shall have reviewed and approved title to the Property, as follows:

(i) Within five(5) days after the Effective Date, Seller shall deliver to City a preliminary report on the Real Property, to be issued by Title Company, accompanied by copies of all documents referred to in the report (collectively, the "Preliminary Report"); and

(ii) Within ten (10) days after the later of City's receipt of the Preliminary Report (the "Title Documents") (the "Title Review Period"), City shall designate to Seller in writing any exceptions to title that City approves or disapproves (any such disapproved matters shall be referred to herein as the "Disapproved Matters"). City's failure to so advise Seller within such period shall be deemed approval of title. Seller shall have five (5) days after receipt of City's notice of Disapproved Matters to notify City in writing ("Seller's Removal Notice") as to what, if any, curative action Seller agrees to undertake in order to cure any Disapproved Matters at or prior to Closing, provided that Seller shall be obligated to remove all Prohibited Title Exceptions. As used herein, "Prohibited Title Exceptions" means all liens of any other deeds of trust or security documents created by Seller and reflected in the Preliminary Report, and any other liens or encumbrances against the Property that are knowingly and intentionally created by Seller after the effective date of the Preliminary Report (excluding only those mechanic's liens arising from construction activities by or on behalf of tenants of the Property). In the event Seller does not provide the Seller's Removal Notice to City within said five (5) day period, Seller shall be deemed to have elected not to cure the Disapproved Matters. If Seller gives such Seller's Removal Notice to City electing not to cure any of the Disapproved Matters, or if Seller is deemed to have made such election, then Seller shall not be in default and City shall have five (5) days to elect to proceed with the purchase subject to the Disapproved

Matters (except to the extent that Seller may have agreed in such Seller's Removal Notice to take action to cure the same and to the extent Seller is obligated to cure Prohibited Title Exceptions) or to terminate this Agreement without any liability on the part of Seller, except as otherwise provided in this agreement. If City fails to give Seller notice of its election within such five (5) days, City shall be deemed to have elected to terminate this Agreement. If Seller gives Seller's Removal Notice and agrees therein to take any action to cure any Disapproved Matter and fails to take such action, or if Seller fails to remove any Prohibited Title Exceptions, in either case prior to the Closing, and City is unwilling to take title subject thereto, Seller shall be in default, and City shall have the rights and remedies provided in Section 11.2, below. If any title matter affecting the Property is first disclosed to City after the expiration of the Title Review Period (each, a "Newly Discovered Title Matter"), City shall have five (5) days in which to give Seller written notice approving or disapproving of such Newly Discovered Title Matter. If City fails to give such notice within such time period, City shall be deemed to have disapproved such Newly Discovered Title Matter. If such disapproval notice is timely given, or if City is deemed to have disapproved such Newly Discovered Title Matter, then such matter shall become a Disapproved Matter and Seller shall have five (5) days in which to deliver to City a Seller's Removal Notice relating thereto. The foregoing provisions of this Section 5.1(a)(ii) relating generally to Disapproved Matters shall apply to each Newly Discovered Title Matter, and if Seller delivers a Seller's Removal Notice relating to such Newly Discovered Title Matter and City does not elect to terminate this Agreement, the Closing shall be extended to allow Seller up to thirty (30) days from the date of such Seller's Removal Notice in order to complete any curative action required thereby.

(b) City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2, within the Due Diligence Period, of the physical and environmental conditions of the Property, including, without limitation, structural, mechanical, electrical and other physical conditions of the Property. Such review may include an examination for the presence or absence of any Hazardous Material (as defined in Section 8.1(h) (ii) below).

(c) City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2 within the Due Diligence Period, of the compliance of the Property with all applicable laws, regulations, permits and approvals.

(d) City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2, within the Due Diligence Period, of the following documents, all to the extent such documents exist and are in the possession or control of Seller, its property manager or its asset manager: (i) structural calculations for the Improvements; site plans; digital copies of the as-built plans and specifications for the Improvements and measurements of the Building; recent inspection reports by Seller's engineers; (ii) the following contracts and documents, all to the extent such documents are currently obligations of Seller: service contracts; utility contracts; maintenance contracts; management contracts; brokerage and leasing commission agreements which may continue after Closing; (iii) certificates of occupancy for all current tenancies; (iv) presently effective warranties or guaranties received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repair or alteration of the Improvements or any tenant improvements; (v) current certificates of insurance with respect to policies of insurance of tenants at the Property and certificates of insurance for carriers insuring the Property, as well as any information or reports relative to the claims history of the Property; (vi) any environmental reports, studies, surveys, tests and assessments; soils and

geotechnical reports, including without limitation, any reports relating to the presence of asbestos or asbestos containing materials located at the Property; and (vii) and any other contracts or documents necessary for the operation of the Property or which will be binding on the Property after the Closing (collectively, the "Documents"). The Documents shall not include any Proprietary Materials of Seller. As used herein, the "Proprietary Materials" shall mean any material which, in Seller's reasonable good faith opinion, constitutes a part of Seller's unrelated business operations or Seller's financial records (not including operating budgets for the Property), or which is not required for the operation of the Improvements following the Closing in the reasonable judgment of Seller (other than documents relating to legal matters or the physical or environmental condition of the Property), or which Seller is prohibited by contract or applicable law from delivering to City (other than documents consisting of correspondence or notices to and from tenants of the Property or documents relating to the physical or environmental condition of the Property), including without limitation, appraisals and other information concerning the valuation of the Property, internal communications of Seller, communications with real estate brokers or other third parties concerning the sale of the Property, and all information subject to attorney-client or work product privilege or to confidentiality restrictions in favor of any third party.

(e) City's review pursuant to Section 4.1 (c) and approval pursuant to Section 4.2 within the Due Diligence Period, of any income and expense statements, year-end financial and monthly operating statements for the Property for the three (3) most recent calendar years prior to the Signing Date to the extent available, and for basis calendar year 2014, that may be in the possession or control of Seller or its property manager or asset manager (collectively, the "Financial Statements").

(f) City's review pursuant to Section 4.1(c) and approval pursuant to Section 4.2, within the Due Diligence Period or, if applicable, in accordance with the terms and conditions of Section 10.3 below, of the following documents, all to the extent such documents exist and are in the possession or control of Seller or its property manager or asset manager: (i) all existing and pending leases and other occupancy agreements affecting the Property, (ii) current tenant correspondence files, and (iii) a current rent roll for the Property, prepared by Seller (without warranty as to accuracy or completeness) and listing for each tenant (other than City) the name, location of leased premises, amount of security deposit and rent paid more than thirty (30) days in advance, lease commencement date, defaults and lease termination date, (collectively, the "Lease Documents").

(g) Seller's obtaining and delivering to City, before the Closing Date, tenant estoppel certificates from any and all tenants under any and all leases at the Property. Such certificates shall be substantially in the form attached hereto as Exhibit H. Each tenant estoppel certificate (i) shall be dated not earlier than forty-five (45) days before the Closing Date, (ii) shall be consistent in all material respects with the terms of the applicable Lease as previously delivered to City, (iii) shall disclose no material defaults or alleged material defaults by Seller under such Lease, and (iv) in City's reasonable judgment, shall be substantially consistent with the materials disclosed to City pursuant to Section 4.1(b) above. Seller shall be required to use only commercially reasonable efforts (and in no event shall Seller be required to declare any tenant in default or commence legal action against any tenant) in order to obtain such tenant estoppel certificates. To the extent Seller is unable, despite its such commercially reasonable efforts, to obtain estoppel certificates from Desoto Cab Company or other such tenants as City may specify, Seller shall deliver to City a certificate (each, a "Seller's Lease Certificate") representing and warranting to City, with respect to such tenants, as of the date of such certificate: (A) that the Lease for such tenants are in full force and effect; (B) the amount of such

tenant's security deposit; (C) the date through which rent has been paid; and (D) that neither Seller nor to Seller's knowledge, such tenants are in default under such Lease. City shall accept such Seller's Lease Certificates in lieu of any such missing estoppel certificate. The representations and warranties in the Seller's Lease Certificates shall survive the Closing, provided that each such Seller's Lease Certificate shall terminate upon Seller's delivery to City of a tenant estoppel executed by the applicable tenant in the form required by this subparagraph, and shall further be subject to the limitations set forth in Sections 8.4, 11.2(c) and 11.2(d) below.

(h) Seller shall not be in material default in the performance of any covenant or agreement to be performed by Seller under this Agreement, and all of Seller's representations and warranties contained in Section 8.1 below shall have been true and correct in all material respects as of the Signing Date, and those made pursuant to any Seller Lease Certificate shall have been true and correct when made except in each case, as disclosed in the Due Diligence Information (as defined below), and Seller's Closing Certification (as defined in and pursuant to Section 8.4 below) shall not contain any material exceptions or qualifications that were not disclosed in the Due Diligence Information. As used herein, "Due Diligence Information" means all information (i) disclosed in the Documents or other materials provided to City, by Seller during the Due Diligence Period in connection with City's review of matters pertaining to the Property pursuant to this Agreement, including any title report or survey made available to City and/or matters disclosed within the Seller's Due Diligence Certification (as defined in and delivered pursuant to Section 8.4 below), or (ii) otherwise actually known to City (as defined in Section 8.5, below) as of the expiration of the Due Diligence Period.

(i) As of the Closing Date, there shall have occurred no material adverse change in the physical condition of the Property since the expiration of the Due Diligence Period, reasonable wear and tear and loss by casualty excepted (subject to the provisions of Article 9 [Risk of Loss and Possession]).

(j) Title Company shall be committed at the Closing to issue to City the Owner Title Policy as provided in Section 3.2 [Title Insurance], in the amount of the Owner Title Policy Amount, subject only to the Accepted Conditions of Title together with the title endorsements provided in said Section 3.2.

(k) City's review and approval, within the Due Diligence Period, of the Miscellaneous Agreements pursuant to Section 4.1(f).

(l) City's Mayor and the Board of Supervisors, in the respective sole discretion of each, shall have enacted a resolution (and taken such other action as may be required) approving, adopting and authorizing this Agreement and the transactions contemplated hereby, and such resolution shall have become effective on or before the expiration of the Due Diligence Period.

(m) Seller shall have deposited the items described in Section 6.3(a) below [Seller's Delivery of Documents] into escrow at or before 1:00 p.m. on the day occurring at least two (2) business days before the Closing Date (except as otherwise provided in such Section 6.3(a) below).

(n) Within five (5) days after the Effective Date, Seller shall deliver to City a Natural Hazard Disclosure Statement for the Property as required under California law. The Natural Hazards Disclosure Statement shall be based on a report or reports of a licensed engineer, land surveyor, geologist, or expert in natural hazard discovery, which report or reports shall be attached to such Natural Hazards Disclosure Statement. City acknowledges that the Natural Hazard Disclosure Statement shall be based solely on the information contained in the report or reports attached thereto, and Seller shall have no liability for any inaccuracy in such

reports. In no event shall such Natural Hazard Disclosure Statement or any such report be deemed a representation or warranty of Seller or impose any liability or obligation on Seller.

(o) This Agreement shall not have been terminated in accordance with its terms.

The City's Conditions Precedent contained in the foregoing subparagraphs (a) through (o) are solely for the benefit of City. If any of the City's Conditions Precedent are not satisfied, City shall have the right in its sole discretion either to waive in writing the City's Condition Precedent in question and proceed with the purchase or, in the alternative, terminate this Agreement, provided that the City's Conditions Precedent described in items (m) and (o) above may not be waived. Except as otherwise provided herein, the waiver of any of the City's Conditions Precedent shall not relieve Seller of any liability or obligation with respect to any representation, warranty, covenant or agreement of Seller. Without limiting Section 4.2 above, if, by the end of the Due Diligence Period, City does not approve or waive City's Conditions Precedent set forth in this Section 5.1, other than Conditions Precedent contained in subparagraphs (g), (h), (i), (j), (m), (n), and (o), then this Agreement shall automatically terminate as provided in Section 4.2 above, and the Deposit shall be returned to City. In addition, the parties shall have the right, but not the obligation, to agree, each in its sole and absolute discretion, to extend the Closing Date, for a reasonable period of time as agreed by the parties, to allow such City's Conditions Precedent to be satisfied; provided however, if such conditions are not satisfied at the expiration of such extension period, City shall have the right to waive in writing such conditions and proceed with the purchase or, in the alternative, terminate this Agreement. Upon such termination, the Deposit shall be returned to City.

In the event the sale of the Property is not consummated because of a default under this Agreement on the part of Seller, City shall have the remedies set forth below in Section 11.2.

5.2 Seller's Conditions to Closing. The following are conditions precedent to Seller's obligation to convey the Property (collectively, "Seller's Conditions Precedent").

(a) The Effective Date shall have occurred on or before the date that is forty five (45) days after the Signing Date (subject to any extension mutually agreed upon in writing).

(b) City shall not be in material default in the performance of any covenant or agreement to be performed by City under this Agreement, and all of City's representations and warranties contained in Section 8.5 below shall have been true and correct in all material respects as of the Signing Date, and shall be true and correct in all material respects as of the Closing Date.

(c) City shall have deposited the items described in Section 6.4 below [City's Delivery of Documents and Funds] into escrow at or before 1:00 p.m. on the date occurring at least two (2) business days before the Closing Date, except for City's delivery of the Purchase Price which shall occur on or before 10:00 a.m. San Francisco time on the Closing Date.

(d) This Agreement shall not have been terminated in accordance with its terms.

The Seller's Conditions Precedent contained in the foregoing subparagraphs (a) through (d) are solely for the benefit of Seller. If any of the Seller's Conditions Precedent is not satisfied, Seller shall have the right in its sole discretion either to waive in writing the Seller's Condition Precedent in question and proceed with the conveyance or, in the alternative, terminate this

Agreement. In the event of such termination, the Deposit shall be returned to City. The waiver of any of the Seller's Conditions Precedent shall not relieve City of any liability or obligation with respect to any representation, warranty, covenant or agreement of City.

In the event the sale of the Property is not consummated because of a default under this Agreement on the part of City, Seller shall have the remedies set forth below in Section 11.1.

6. ESCROW AND CLOSING

6.1 Opening of Escrow.

Within three (3) business days after the Effective Date, the parties shall open escrow by depositing an executed counterpart of this Agreement with Title Company, and this Agreement shall serve as instructions to Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and City agree to execute such additional or supplementary instructions as may be appropriate to enable the escrow holder to comply with the terms of this Agreement and close the transaction; provided, however, that in the event of any conflict between the provisions of this Agreement and any additional supplementary instructions, the terms of this Agreement shall control.

6.2 Closing Date. The consummation of the purchase and sale contemplated hereby (the "Closing") shall be held and (except as otherwise provided in Sections 6.3 and 6.4, below) delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of Title Company located at Old Republic Title Company, 275 Battery Street, Suite 1500, San Francisco, California 94111, within no greater than thirty (30) days after the Effective Date of this Agreement, and no later than January 15, 2016, or on such earlier or later date as City and Seller may mutually agree in writing (the "Closing Date"), subject to the provisions of Sections 5.1 and 5.2. The Closing shall occur no later than 10:00 A.M. San Francisco time on the Closing Date. The Closing Date may not be extended without the prior written approval of both Seller and City, except as otherwise expressly provided in this Agreement. In the event the Closing does not occur on or before the Closing Date, Title Company shall, unless it is notified by both parties to the contrary within five (5) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, limit the provisions hereof or otherwise relieve either party hereto of any liability it may have for its wrongful failure to close.

6.3 Seller's Delivery of Documents.

(a) At or before 1:00 p.m. on the date occurring at least two (2) business days before the Closing Date, or at such later date as may be indicated below for any specific item, Seller shall deposit into escrow for delivery at Closing to City, through escrow, the following:

- (i) a duly executed and acknowledged Deed;
- (ii) a duly executed Bill of Sale and a Certificate from the Secretary of State or other appropriate government official of the State of California indicating that, as of the Closing Date, there are no filings against Seller in the office of the Secretary of State or other government official under the Uniform Commercial Code of such State which would be a lien on any of the items specified in the Bill of Sale (other than such filings, if any, as are being released at the time of the Closing);

- (iii) four duly executed counterparts of the Assignment of the Lease;
- (iv) a duly executed Assignment of Intangible Property;
- (v) four duly executed counterparts of the Assignment of Miscellaneous Agreements, if required under Section 3.6, above;
- (vi) a properly executed affidavit pursuant to Section 1445(b)(2) of the Federal Tax Code in the form attached hereto as Exhibit I, and on which City is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code;
- (vii) a properly executed California Franchise Tax Board Form 590 certifying that Seller is a California resident if Seller is an individual or that Seller has a permanent place of business in California or is qualified to do business in California if Seller is a corporation or other evidence satisfactory to City that Seller is exempt from the withholding requirements of Sections 18662 and 26131 of the State Tax Code;
- (viii) such resolutions, authorizations, or other documents or agreements relating to Seller and its shareholders as City or the Title Company may reasonably require to demonstrate the authority of Seller to enter into this Agreement and consummate the transactions contemplated hereby, and such proof of the power and authority of the individuals executing any documents or other instruments on behalf of Seller to act for and bind Seller;
- (ix) Seller's Closing Certification (as defined in Section 8.4, below);
- (x) a duly executed owner's declaration substantially in the form attached hereto as Exhibit P.

(b) In conjunction with the Closing Date, Seller shall, to the extent such documents exist and are in the possession or control of any of Seller, its property manager or other Agents, deliver to City outside of escrow, the following:

- (i) Copies of the as-built plans and specifications for the Improvements, Documents, Books and Records, Lease, and Miscellaneous Agreements, if any.
- (ii) All keys to the Property and Improvements located thereon.

The provisions of Section 6.3(b) shall survive the Closing.

6.4 City's Delivery of Documents and Funds.

At or before 1:00 p.m. on the date occurring at least two (2) business days before the Closing Date, or such later date as may be indicated below for any specific item, City shall deposit the following into escrow for delivery to the Seller:

- (a) an acceptance of the Deed executed by City's Director of Property;
- (b) four duly executed counterparts of the Assignment of Lease;

(c) four duly executed counterparts of the Assignment of Miscellaneous Agreements, if required under Section 3.6, above; and

(d) The Purchase Price, as provided in Article 2 hereof shall be delivered into escrow on the Closing Date.

6.5 Other Documents

Seller and City shall each deposit such other instruments as are reasonably required by Title Company as escrow holder or otherwise required to close the escrow and consummate the purchase of the Property in accordance with the terms hereof; provided, however, that no such instrument shall increase the obligations or diminish the rights of Seller or City under this Agreement or under any of the documents required hereunder to be delivered at Closing by Seller or City, respectively. Without limiting the foregoing, Seller and City shall each deposit an agreement (the "Designation Agreement") designating Title Company as the "Reporting Person" for the transaction pursuant to Section 6045(e) of the Federal Tax Code and the regulations promulgated thereunder, and executed by Seller, City and Title Company. The Designation Agreement shall be substantially in the form attached hereto as Exhibit I and, in any event, shall comply with the requirements of Section 6045(e) of the Federal Tax Code and the regulations promulgated thereunder.

6.6 Liquidated Damages

In the event the sale of the Property contemplated hereby is not consummated solely because of a default under this Agreement on the part of City, then City agrees to pay to Seller the sum of One Hundred Eighty-Nine Thousand and no/100 Dollars (\$189,000.00) as liquidated damages. The parties have agreed that Seller's actual damages, in the event of a default by City, would be extremely difficult or impracticable to determine. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE DEPOSIT HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES AND AS SELLER'S EXCLUSIVE REMEDY AGAINST CITY, AT LAW OR IN EQUITY, IN THE EVENT OF A DEFAULT UNDER THIS AGREEMENT ON THE PART OF CITY.

INITIALS: Seller _____ City _____

7. EXPENSES AND TAXES

7.1 Rent and Other Apportionments

(a) Preparation of Prorations.

At least ten (10) days before the Closing Date, Seller shall prepare and deliver, or cause the escrow holder to prepare and deliver, to City an unaudited statement for the Property (the "Preliminary Proration Statement") showing prorations for the items set forth below, calculated as of 12:01 a.m. on the Closing Date, on the basis of a 365-day year. City and its representatives and auditors shall be afforded reasonable access to Seller's books and records with respect to the Property and Seller's work papers pertaining to the Preliminary Proration Statement to confirm the accuracy of the Preliminary Proration Statement. City and Seller shall agree upon any adjustments to be made to the Preliminary Proration Statement before the Closing, and at the Closing, City or Seller, as applicable, shall receive a credit equal to the net amount due City or Seller, as applicable, pursuant to the Preliminary Proration Statement as finally agreed upon by City and Seller. The items to be covered by the Preliminary Proration Statement are as follows:

- (i) rents (which shall be prorated on a cash basis);
- (ii) escalation charges for real estate taxes, parking charges, marketing fund charges, operating expenses, maintenance escalation rents or charges, cost-of-living increases or other charges of a similar nature, if any, and any additional charges and expenses payable under the Lease (but only to the extent collected before the Closing Date); provided that if any of the foregoing are not finally adjusted between the landlord and tenant under any Lease until after the preparation of the Preliminary Proration Statement then proration of such items shall be subject to adjustment pursuant to Section 7.7 below;
- (iii) non-delinquent real property taxes and assessments for the tax year of the Closing; provided that if the real property tax assessment for the fiscal year in which the Closing occurs has not been issued as of the Closing Date, real property taxes shall be prorated based on the most recent assessed value of the Property, multiplied by the current tax rate, and such tax proration shall be subject to adjustment pursuant to Section 7.6 below; general real estate taxes payable for all tax years prior to the year of the Closing shall be paid by Seller in full at or before Closing;
- (iv) any Special Taxes payable with respect to any Mello-Roos Community Facilities District, and any unpaid interest (only) on any improvement bonds which are a lien on the Property;
- (v) water, sewer and utility charges;
- (vi) subject to Section 10.5 below, amounts payable under the Miscellaneous Agreements;
- (vii) permits, licenses and/or inspection fees (calculated on the basis of the period covered), but only to the extent transferred to City;
- (viii) any Tenant Improvement Costs to be credited against the Purchase Price, as set forth in Section 7.5 below; and
- (ix) any other expenses normal to the operation and maintenance of the Property.

(b) Principles of Prorations; Collections and Payments. Subject to the prorations to be made pursuant to this Article 7 and the terms of this Section 7.1(b), after the Closing City shall use reasonable efforts to collect all revenues and pay all expenses with respect to the Property, even if such revenues and expenses relate to periods before the Closing. Seller agrees to cooperate with City by endorsing (without recourse) in favor of City any checks which may be received after the Closing, but which are made payable to Seller (or its affiliates). City shall use reasonable efforts consistent with prudent business practices to collect rents or other amounts payable under the Lease (collectively, "Arrearages") that (i) were delinquent as of the Closing Date and relate to a period before the Closing, or (ii) otherwise are or become payable with respect to a period before the Closing; provided, however, that City shall have no obligation to deliver any notice to pay rent or quit the premises, pursue termination of any lease, or commence legal remedies or action against any tenant. To the extent such Arrearages are collected by City, City may deduct from the amount owed to Seller an amount equal to the out-of-pocket third-party collection costs (including attorneys' fees and costs) actually incurred by City in collecting such Arrearages due to Seller. Subject to the foregoing sentence, any rent or other payment collected after the Closing from any tenant which owed any Arrearages shall be applied first, to

such tenant's unpaid monetary obligations under the applicable Lease with respect to any periods from the Closing Date through the end of the month in which such payment is made (or, if such tenant is permitted under its Lease to pay rent in arrears, then through the end of the month immediately preceding the month in which such payment is due), in such order as City may elect, until such monetary obligations have been paid in full; any remaining amount of such payment shall be paid over to Seller, for application against such tenant's Arrearages, in such order as Seller may elect, until such Arrearages have been paid in full; and any remaining amount of such payment shall be retained by City for application against such Tenant's future obligations under the applicable Lease. In addition, Seller shall be entitled to a refund of any utility, municipality or other deposit relating to the Property made by Seller (to the extent such utility, municipality or other party provides such refund), and City shall reasonably cooperate to supply directly to any such utility, municipality or other party such replacement deposit as shall be required for Seller to obtain such refund. To the extent Arrearages are not paid in full, Seller may exercise all available remedies (other than eviction of the tenant) to collect same.

7.2 Security Deposits.

At the Closing, Seller shall assign and deliver to City all prepaid rent, security deposits, letters of credit and other collateral given by any Tenants to Seller or any of its affiliates or predecessors-in-interest pursuant to any of the Lease, less any portions thereof applied in accordance with the respective Lease (together with a statement regarding such applications).

7.3 Leasing Costs. Except as provided in Section 10.4, below, Seller shall pay all Commissions and Tenant Improvement Costs (as defined below), if any, related to any existing Lease and any Lease executed on or before the Closing (including, without limitation, Commissions attributable to expansion or extension options which are not exercised until after the Closing). City shall be entitled to a credit against the Purchase Price for any prepaid rent, free rent, operating expense abatements, or other unexpired concessions under any Lease to the extent they apply to any period after the Closing. In the event that Seller enters into a new Lease during the Term, or extends or modifies any existing Lease, and City consents to such new Lease or such extension or modification, then the payments and credits for the Commissions and Tenant Improvement Costs shall be divided as set forth in Section 10.4. As used herein, "Commissions" means, with respect to any Lease, leasing commissions incurred with respect thereto. As used herein, "Tenant Improvement Costs" means, with respect to any Lease, tenant improvement costs (including without limitation, architectural and soft costs) incurred with respect thereto.

7.4 Post Closing Adjustments. Notwithstanding anything to the contrary contained in this Article 7, (i) if the amount of the real property taxes and assessments payable with respect to the Property for any period before Closing is determined to be more than the amount of such real property taxes and assessments that is prorated herein (in the case of the current year) or that was paid by Seller (in the case of any prior year), due to a reassessment of the value of the Property or otherwise, Seller and City shall promptly adjust the proration of such real property taxes and assessments after the determination of such amounts, and Seller shall pay to City any increase in the amount of such real property taxes and assessments applicable to any period before Closing; provided, however, that Seller shall not be required to pay to City any portion of such increase that is payable by the tenant under the Lease; and (ii) if the amount of the real property taxes and assessments payable with respect to the Property for any period before Closing is determined to be less than the amount of such real property taxes and assessments that is prorated herein (in the

case of the current year) or that was paid by Seller (in the case of any prior year), due to an appeal of the taxes by Seller, a reassessment of the value of the Property or otherwise, Seller and City shall promptly adjust the proration of such real property taxes and assessments after the determination of such amounts, and (a) City shall pay to Seller any refund received by City representing such a decrease in the amount of such real property taxes and assessments applicable to any period before Closing; provided, however, that City shall not be required to pay to Seller any portion of such refund which is payable to the tenant under the Lease; and (b) Seller shall be entitled to retain any refund received by Seller representing such a decrease in the amount of such real property taxes and assessments applicable to any period before Closing; provided, however, that Seller shall pay to City that portion of any such refund that is payable to the tenant under the Lease. Each party shall give notice to the other party of any adjustment of the amount of the real property taxes and assessments payable with respect to the Property for any period before Closing within thirty (30) days after receiving notice of any such adjustment.

7.5 Post Closing Reconciliation

(a) Certain Delayed Prorations. If any tenants are required to pay percentage rents, escalation charges for real estate taxes, parking charges, marketing fund charges, operating expenses, maintenance escalation rents or charges, cost-of-living increases or other charges of a similar nature (“additional rents”), then, with respect to those additional rents which are not finally adjusted between the landlord and any tenant under any lease until after the preparation of the preliminary proration statement pursuant to sections 7.2 and 7.3 above, city shall submit to seller, no later than thirty (30) days after final adjustment of such amounts with such tenants, a supplemental statement for the property (a “supplemental proration statement”) covering any such additional rents or any other items which have been finally adjusted between city and such tenants, containing a calculation of the prorations of such additional rents and such other items, prepared based on the principles set forth in sections 7.2 and 7.3 above, provided that in making such adjustment, the parties shall exclude any additional rents arising from increased real property taxes for the property to the extent such increase results from city’s purchase of the property. In order to enable city to make any year-end reconciliations of additional rents with tenants, within sixty (60) days after the closing, seller shall deliver to city a final statement of all operating expenses for the property which are actually paid by seller and permitted to be passed through to tenants pursuant to the terms of each tenant’s respective lease, with respect to that portion of the calendar year in which the closing occurs (the “closing year”) which precedes the closing (“seller’s closing year actual operating expenses”), together with copies of all documentation evidencing seller’s closing year actual operating expenses, including copies of third-party invoices and copies of seller’s books and records applicable thereto.

(b) Audit Rights for Supplemental Proration Statements. Seller and its representatives and auditors shall be afforded the opportunity, at Seller’s sole cost and expense, to review all underlying financial records and work papers pertaining to the preparation of all Supplemental Proration Statements, and City shall permit Seller and its representatives and auditors to have full access to the books and records in the possession of City or any party to whom City has given custody of the same relating to the Property to permit Seller to review the Supplemental Proration Statements. Any Supplemental Proration Statement prepared by City shall be final and binding for purposes of this Agreement unless Seller shall give written notice to City of disagreement with the prorations contained therein within sixty (60) days following

Seller's receipt of such Supplemental Proration Statement, specifying in reasonable detail the nature and extent of such disagreement. If City and Seller are unable to resolve any disagreement with respect to any Supplemental Proration Statement within ten (10) business days following receipt by City of the notice referred to above, either party may pursue any remedy available for the resolution of such dispute.

(c) Payments for Adjustments. Any net credit due Seller or City, as the case may be, shall be paid to Seller or City, as the case may be, within seventy-five (75) days after the delivery of a Supplemental Proration Statement to Seller, unless Seller approves any such statement before the expiration of the applicable sixty (60) day period provided in Section 7.5(b) above, in which case such payment shall be made within fifteen (15) days after Seller notifies City of such approval, or unless Seller notifies City of a disagreement with respect to any such statement as provided in Section 7.5 (b) above, in which case such payment (less a hold back sufficient to cover the amount of the disagreement) shall be made within fifteen (15) days after Seller notifies City of such disagreement, and any further payment due after such disagreement is resolved shall be paid within fifteen (15) days after the resolution of such disagreement.

7.6 Closing Costs. City shall pay the premium for the Title Policy and the cost of the endorsements thereto, escrow and recording fees, and any documentary transfer taxes applicable to the sale. Seller shall pay the cost of any sales taxes, if any on the Personal Property, and Seller shall be responsible for complying with any bulk sales laws applicable to the Sale. Seller shall be responsible for all costs (including without limitation, any prepayment fees, penalties or other charges) incurred in connection with the removal of any Prohibited Title Exceptions. Any other costs and charges of the escrow for the sale not otherwise provided for in this Section 7.8 or elsewhere in this Agreement shall be allocated in accordance with the closing customs for San Francisco County, as determined by Title Company.

7.7 Survival. The provisions of this Article 7 shall survive the Closing.

8. REPRESENTATIONS AND WARRANTIES

8.1 Representations and Warranties of Seller. Seller represents and warrants to and covenants with City as follows:

(a) To Seller's knowledge, any and all copies of the Lease, Miscellaneous Agreements, and Documents furnished to City pursuant to Section 4.1(b) are true and correct copies thereof.

(b) The Schedule of Lease attached hereto as Exhibit K and made a part hereof contains a complete and accurate list, and the Lease Documents include true and correct copies, of all leases and occupancy agreements that (i) were entered into by Seller, or to Seller's knowledge, by any predecessor in interest of Seller, and (ii) except for any such leases hereafter terminated in accordance with the terms of this Agreement, and together with any leases, including any modifications or renewals thereof, hereafter entered into pursuant to Section 10.3, below, will bind the Property following the Closing.

(c) The Schedule of Miscellaneous Agreements attached hereto as Exhibit L and made a part hereof contains a complete and accurate list, and the Documents include true and correct copies, of all agreements, other than Lease and other agreements constituting Accepted Conditions of Title, that (i) were entered into by Seller, or to Seller's knowledge, by any predecessor in interest of Seller, and (ii) except for any such agreements hereafter terminated

in accordance with Section 4.1(f), above, and together with any agreements hereafter entered into pursuant to Section 10.2, below, will bind the Property following the Closing.

(d) To Seller's knowledge, except as disclosed on Exhibit M attached hereto and made a part hereof, Seller has not received any written notice of any pending or threatened proceeding relating to any condemnation of all or any portion of the Property, by any governmental or quasi-governmental agency other than City, which would have a material adverse effect on the use, operation or value of the Property. Without limiting the foregoing, to Seller's knowledge, except as disclosed on Exhibit M attached hereto and made a part hereof, Seller has not received any written notice from any tenant under any Lease or from any counterparty to any Miscellaneous Agreement alleging that Seller is in material default thereunder, nor has Seller sent to any tenant under any Lease or to any counterparty to any Miscellaneous Agreement any written notice alleging that such tenant or such counterparty is in material default thereunder, unless in each case such alleged default has been cured.

(e) To Seller's knowledge, except as disclosed on Exhibit M attached hereto and made a part hereof, Seller has not received any written notice of pending or threatened litigation that would have a material and adverse affect on the use, operation or value of the Property or the ability of Seller to perform its obligations under this Agreement.

(f) Seller has not granted any option or right of first refusal or first opportunity to any third party to acquire any fee interest in any of the Property which right or option is either superior to the rights granted to City in this Agreement or would be in effect or enforceable following the transfer of the Property to City at Closing.

(g) Seller is duly organized and validly existing under the laws of the State of California and is in good standing under the laws of the State of California; this Agreement and all documents executed by Seller which are to be delivered to City at the Closing are, or at the Closing will be, duly authorized, executed and delivered by Seller, are, or at the Closing will be, legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, and do not, and at the Closing will not, violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or, to Seller's knowledge, the Property is subject.

(h) Seller represents and warrants to City that it has not been suspended, disciplined or disbarred by, or prohibited from contracting with, any federal, state or local governmental agency. In the event Seller has been so suspended, disbarred, disciplined or prohibited from contracting with any governmental agency, it shall immediately notify the City of same and the reasons therefore together with any relevant facts or information requested by City. Any such suspension, debarment, discipline or prohibition may result in the termination or suspension of this Agreement.

(i) Seller knows of no facts that would prevent City from using and operating the Property after Closing in the manner City has advised Seller it is intended to be used.

(j) Seller hereby represents and warrants to and covenants with City that the following statements are true and correct, to the best of Seller's knowledge: (i) during Seller's ownership, the Seller has not received any written notice from any governmental authority having jurisdiction that the Property is in violation of any applicable law, ordinance or regulation, including, without limitation, any Environmental Laws, which remains uncured and which could reasonably have a material adverse effect on the operation of the Property following the Closing; (ii) during Seller's ownership of the Property, the Property has not been used in any manner for the manufacture, use, storage, discharge, deposit, transportation or disposal of any Hazardous Material, except as described in Schedule 1 ("Seller's Environmental Disclosure");

(iii) to Sellers knowledge, during Seller's ownership of the Property there has been no Release of any Hazardous Material in, on, or under the Property; and (iv) the reports, studies, assessments, investigations and other materials to be made available to City for its review pursuant to Section 4.1(b), above, constitute all written materials in the possession, custody or control of Seller or its property manager relating to the presence of Hazardous Materials at, on or under the Property, and the compliance of the Property with Environmental Laws; provided that, without limiting any other provision hereof, Seller makes no representation or warranty with respect to any such reports, studies, assessments, investigations or other materials, and if City desires to rely on the same, City shall be responsible for obtaining, at its sole cost and expense, written permission from the preparer of any such items. As used herein, the following terms shall have the meanings below:

(i) Environmental Laws shall mean any present federal, state or local laws, ordinances, regulations or policies relating to Hazardous Material (including, without limitation, their use, handling, transportation, production, disposal, discharge or storage) or to health and safety, industrial hygiene or environmental conditions in, on, under or about the Property, including, without limitation, soil, air and groundwater conditions.

(ii) "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of the Improvements or are naturally occurring substances on or about the Property; petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids; and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Sections 3011, et seq. Notwithstanding the foregoing, Hazardous Materials shall not include any ordinary office and janitorial supplies which are used, stored and disposed of in customary quantities and in accordance with applicable Environmental Laws.

(iii) "Release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into or inside any of the improvements, or in, on, under the Property. Release shall include, without limitation, "release" as defined in Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. §9601).

(k) At the time of Closing there will be no outstanding written or oral contracts made by Seller for any of the Improvements that have not been fully paid for and Seller shall cause to be discharged all mechanics' or materialmen's liens arising from any labor or materials furnished to the Property prior to the time of Closing pursuant to the order or request of Seller. To Seller's knowledge, there are no obligations in connection with the Property which will be binding upon City after Closing except for matters which are set forth in the Preliminary Report and except for the Lease and Assumed Contracts.

(l) Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Tax Code.

(m) There are no free rent, operating expense abatements, incomplete tenant improvements, rebates, allowances, or other unexpired concessions (collectively referred to as "Offsets") or any termination, extension, cancellation or expansion rights under the Lease. Seller has paid in full any of landlord's leasing costs incurred by Seller in connection with any tenant improvements. Seller has agreed that the tenant under the Lease can pay rent on the 15th day of the month.

(n) No brokerage or similar fee is due or unpaid by Seller with respect to any Lease. No brokerage or similar fee shall be due or payable on account of the exercise of, without limitation, any renewal, extension or expansion options arising under any Lease.

(o) The copy of the Lease delivered by Seller to City on or before the commencement of the Due Diligence Period contain all of the information pertaining to any rights of any parties to occupy the Property, including, without limitation, all information regarding any rent concessions, over-standard tenant improvement allowances or other inducements to lease. The tenant has not indicated to Seller either orally or in writing its intent to terminate the Lease prior to expiration of the respective term of such Lease.

(p) Seller is familiar with Sections 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 1090 et. seq. of the California Government Code (the "Provisions"), all of which relate to prohibited conflicts of interest in connection with government contracts, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Seller becomes aware of any such fact during the term of this Agreement, Seller shall immediately notify the City.

8.2 Third-Party Claims. If (a) Seller breaches one or more of its representations, warranties or covenants hereunder, and (b) under the provisions of this Agreement other than this Section 8.2, Seller has liability to City for such breach, and (c) a third party asserts a claim for monetary or other relief against City based on the facts giving rise to such breach, then Seller, on behalf of itself and its successors and assigns, shall indemnify, defend and hold harmless City, its Agents and their respective successors and assigns (the "City-Related Parties") from and against such third-party claim; provided, however, that (x) if, under the provisions of this Agreement other than this Section 8.2, a survival period exists such that Seller would have no liability to City for such breach if City were to fail to give Seller written notice of its claim asserting such liability before the expiration of such survival period, then Seller shall have no obligation to indemnify, defend or hold harmless the City-Related Parties from or against such third-party claim unless City receives specific written notice of such claim from such third party and tenders such notice to Seller before the expiration of such survival period, and (y) if, under the provisions of this Agreement (other than this Section 8.2), Seller's liability for such breach is subject to any dollar limitation set forth in Section 11.2 hereof, then Seller's obligation to indemnify, defend and hold harmless the City-Related Parties from and against such third-party claim shall also be subject to such dollar limitation (with the cost of performing such obligation to be aggregated with all other liabilities that are subject to such dollar limitation).

8.3 Seller's Knowledge. As used in this Agreement or in any documents delivered pursuant hereto, the phrases "to Seller's knowledge" or "known to Seller" (or similar words) shall mean that the representation or warranty (or other provision) qualified by any of such phrases is made without investigation of the matters stated therein and is based solely on the actual knowledge of the Managing Person (as defined below), as such actual knowledge exists on the relevant date, provided, that if the individual who is the Managing Persons on the relevant date was not the Managing Person throughout the entire period from and including the Signing

Date until and including the relevant date, then, in addition, the actual knowledge of any other individual who was the Managing Person during such period, as such actual knowledge existed on the last day on which such individual was the Managing Person. As used herein, "Managing Person" means the individual charged with primary responsibility for the oversight of the operation of the Property. Seller hereby represents that as of the Signing Date Edward Scoble is the Managing Person.

8.4 Survival of and Limitations on Seller's Representations and Warranties. All representations and warranties contained in Section 8.1, above, and all representations contained within any Seller's Lease Certificate provided to City pursuant to Section 5.1(g), above, shall be deemed to be qualified by the Due Diligence Information. All representations and warranties of Seller set forth in Section 8.1, above, are made as of the Signing Date. Seller shall use good faith efforts to promptly notify City in writing, during the Due Diligence Period and thereafter at any time prior to the Closing, if Seller becomes aware of any change in fact or circumstance that would render any of the representations or warranties of Seller set forth in Section 8.1, above, to be false or misleading in any material respect. In addition, by 5:00 p.m. on the day before the expiration of the Due Diligence Expiration Date, Seller shall provide City with a certification regarding the accuracy of such representations and warranties as of such date, including any exceptions or qualifications thereto as of such Date of which Seller becomes aware ("Seller's Due Diligence Certification"); provided, however, if Seller's Due Diligence Certification includes any exceptions, qualifications or changes from the representations and warranties of Seller set forth in Section 8.1 above, then the Due Diligence Period shall be extended for ten (10) business days in order to permit City an opportunity to determine whether to terminate this Agreement as permitted under Section 4.2. In addition, as of the Closing Date, Seller shall provide City with a certification regarding the accuracy of such representations and warranties as of such date, including any exceptions or qualifications thereto as of such date of which Seller becomes aware ("Seller's Closing Certification"). Seller shall have no liability to City as a result of any exceptions or qualifications to such representations and warranties set forth in either Seller's Due Diligence Certification or Seller's Closing Certification, except as otherwise set forth in this Section 8.2 or in Section 11.2, below; provided, however, Seller acknowledges and agrees that if the Seller's Closing Certification contains any qualifications or exceptions that were not disclosed in either Seller's Due Diligence Certification or the Due Diligence Information, City's Condition Precedent set forth in Section 5.1(h) shall not be satisfied, and City also shall have the right to terminate this Agreement pursuant to the second-to-last paragraph of Section 5.1. In the event City has actual knowledge that any of the representations or warranties set forth in Section 8.1, above, was not true as of the Signing Date, or that any of the representations contained within Seller's Due Diligence Certification was not true as of the date thereof, or that any of representations contained in either Seller's Closing Certification or any Seller's Lease Certificate will not be true as of the Closing Date, and City nonetheless proceeds with the purchase of the Property, then City shall have no claim for breach of such representation or warranty. Except as otherwise provided in the immediately preceding sentence, the representations and warranties of Seller set forth in Section 8.1, above, in Seller's Due Diligence Certification, in Seller's Closing Certification and/or in any Lease Certificates, are all qualified by the Due Diligence Information and shall survive the Closing for a period of one (1) year from and after the Closing Date (the "Survival Period"); provided, however, that City must give Seller written notice of any claim City may have against Seller for breach of any such representations and warranties before the expiration of the Survival Period, and any such claim

which City may have which is not so asserted prior to the expiration of the Survival Period shall not be valid or effective, and Seller shall have no liability with respect thereto.

8.5 Representations and Warranties of City. City represents and warrants to and covenants with Seller as follows:

(a) Upon the Effective Date, this Agreement will be, and at the Closing all documents executed by City which are to be delivered to Seller at the Closing will be duly authorized, executed and delivered by City pursuant to a Resolution adopted by the City's Board of Supervisors and Mayor, each in their respective sole and absolute discretion.

(b) As used in this Agreement or in any documents delivered pursuant hereto, the phrases "to City's knowledge" or "known to City" or "City has actual knowledge" (or similar words) shall mean that the representation or warranty (or other provision) qualified by any of such phrases is made without investigation of the matters stated therein and is based solely on the actual knowledge of the Real Property Officer and the Director of Property (as defined below), as such actual knowledge exists on the relevant date, provided, that if the individual who is the Real Property Officer or the Director of Property on the relevant date was not the Real Property Officer or the Director of Property throughout the entire period from and including the Signing Date until and including the relevant date, then, in addition, the actual knowledge of any other individual who was the Real Property Officer or the Director of Property during such period, as such actual knowledge existed on the last day on which such individual was the Real Property Officer or the Director of Property. As used herein, "Real Property Officer" means the City employee charged with primary responsibility for the oversight of the transaction contemplated by this Agreement. The "Director of Property" means the Director of Property for the City charged with primary responsibility for the oversight of the Real Property Officer and of the transaction contemplated by this Agreement.

9. RISK OF LOSS AND POSSESSION

9.1 Minor Loss. City shall be bound to purchase the Property for the full Purchase Price as required by the terms hereof, without regard to the occurrence or effect of any damage to the Property or destruction of any Improvements or condemnation of any portion of the Property, provided that, in the case of a partial condemnation, the value of the portion taken does not exceed One Million and No/100 Dollars (\$1,000,000.00); and upon the Closing, there shall be a credit against the Purchase Price as provided in Section 9.3 below.

9.2 Major Loss. In the case of condemnation, if the value of the portion of the Property taken exceeds One Million and No/100 Dollars (\$1,000,000.00), then City may, at its option to be exercised by written notice to Seller within thirty (30) days after the effective date of Seller's written notice to City of the occurrence of the commencement of condemnation proceedings and, in the case of damage or destruction, the effective date of Seller's written notice to City of same, either (a) elect to terminate this Agreement, in which case neither party shall have any further obligations under this Agreement, except for obligations which expressly state that they shall survive termination of this Agreement, or (b) consummate the purchase of the Property for the full Purchase Price as required by the terms hereof, subject to the credits against the Purchase Price provided in Section 9.3, below. If City fails to give Seller notice within such 30-day period, then City will be deemed to have elected to proceed in accordance with clause (a) above.

9.3 Credit at Closing. If, notwithstanding the occurrence of any damage, destruction or condemnation to or of the Property, the Closing occurs pursuant to Section 9.1 or 9.2, above, City shall be given a credit against the Purchase Price in an amount determined as follows: If the condemnation award, if any, to be collected by Seller as a result of such condemnation have been collected before the Closing, then the credit shall be equal to the amount of such condemnation award collected by Seller. If the award has not been collected as of the Closing, then such award shall be assigned to City at Closing. Notwithstanding the foregoing, in the case of condemnation, if Seller shall have expended any amount before the Closing to restore the Property in connection with such condemnation, Seller shall reserve from the assignment of the condemnation award to City, the amount so expended; provided, however, Seller's right to reserve shall be subject to and conditioned upon City's reasonable approval of such documentation, invoices, and other reasonably satisfactory evidence of such payments and expenditures by Seller as City may reasonably request.

9.4 Insurance. Through the Closing Date, Seller shall maintain or cause to be maintained, at Seller's sole cost and expense, a policy or policies of property insurance in such amounts and insuring against such risks as are consistent with Seller's past practices, as evidenced by the certificate of insurance attached hereto as Exhibit R and made a part hereof. Seller shall furnish City with evidence of such insurance upon request by City. City acknowledges that there shall be no assignment, transfer or continuance of Seller's insurance coverage after the Closing Date.

9.5 Possession. Possession of the Property shall be delivered to City on the Closing Date, subject to the Accepted Conditions of Title.

10. MAINTENANCE; CONSENT TO NEW CONTRACTS

10.1 Maintenance of the Property by Seller.

Between the date of Seller's execution of this Agreement and the Closing, Seller perform all work required to be done by the landlord under the terms of any Lease, and shall otherwise maintain, repair and operate the Property in substantially the same manner as Seller has done before the making of this Agreement, as if Seller were retaining the Property normal wear and tear excepted. Notwithstanding the foregoing, Seller shall not be required (i) to seek tenants for any vacant space within the Property under any circumstances, or (ii) except as required under the Lease or applicable law, to make or perform any upgrades, renovations, replacements or other capital improvements to the Property having a cost of greater than Fifty Thousand Dollars (\$50,000), or (iii) to make any change in the manner or quality of operation of the Property.

10.2 City's Consent to New Contracts Affecting the Property; Termination of Existing Contracts.

After the Effective Date, Seller shall not enter into any contract affecting the Property which shall remain in effect after the Closing Date, or any amendment thereof, or waive any rights of Seller under any Miscellaneous Agreement, without in each instance obtaining City's prior written consent thereto. City agrees that it shall not unreasonably withhold or delay any such consent, provided that City's failure to respond to any request for such approval within ten (10) business days shall be deemed to constitute approval by City. Pursuant to Section 4.1(f), above, Seller shall terminate prior to the Closing, at no cost or expense to City, any and all management agreements affecting the Property.

10.3 Except in accordance with this Section 10.3, after the Effective Date, Seller shall not enter into any lease affecting the Property or any amendment thereof, which shall remain in effect after the Closing Date.

(a) After the Effective Date, Seller shall not amend or modify or (except pursuant to Seller's exercise of remedies if the tenant is in default) terminate any existing Lease without obtaining City's prior written approval, which approval shall not be unreasonably withheld; provided, however, that Seller may enter into any lease modification or amendment that Seller may be required to enter into under the terms of the applicable Lease (such as in connection with a lease expansion). City's failure to respond to any request for such approval within ten (10) business days shall be deemed to constitute approval by City.

(b) Seller covenants that within five (5) days of its receipt of any fully executed document entered into pursuant to this Section 10.3, Seller shall deliver to City copies of any such document, including without limitation, any new leases, or any modifications, amendments, subleases or terminations of any existing Lease.

10.4 Matters Affecting Existing Lease. After the Effective Date, if, under the express terms of any Lease, Seller has the right, in its sole and absolute discretion (and without electing to recapture any leased space), to withhold its consent to any proposed sublease or any proposed assignment of such Lease, or to preserve, rather than waive, any material right under such Lease; however, Seller shall not consent to such sublease or assignment, or waive such right, without in each instance said action being subject to the terms and conditions of the Lease, and obtaining City's prior written consent thereto (which consent shall not be unreasonably withheld or delayed).

10.5 Tenant Improvement Costs. If Seller enters into any leases of the Property or modifies or extends the existing Lease after the Effective Date and before the Closing Date in accordance with the terms of this Article 10, then, provided the Closing occurs, any Tenant Improvement Costs and Commissions incurred in connection with such new Lease, modifications or extensions of any existing Lease shall be the sole responsibility of Seller and shall be paid in full by Seller.

11. DEFAULT AND REMEDIES

11.1 City's Default.

(a) If City defaults before the Closing under any provision of this Agreement other than Section 4.1(c) or 4.1(e) and Seller has actual knowledge of such default(s) before the Closing, or if City defaults on its obligation to close the transaction contemplated hereby, then Seller shall have the right, as its sole and exclusive remedy for such default(s), to terminate this Agreement and recover liquidated damages as provided in Section 6.6 above, plus attorneys' fees under Section 12.12 (if applicable), and neither party shall have any further liability or obligation to the other hereunder, except for provisions of this Agreement which expressly state that they shall survive the termination of this Agreement.

(b) Seller acknowledges that any claim Seller may have against City arising under this Agreement may, as a matter of law, be subject to limitations on timing of presentment pursuant to Section 911.2 and other relevant provisions of the California Government Code; provided, however, that nothing in this sentence shall be deemed to cause any such claim to be subject to such sections of the California Government Code which would not, as a matter of law, be subject to such sections in the absence of this sentence.

(c) Notwithstanding anything herein to the contrary, in no event shall City be liable to Seller for any indirect, special, consequential or incidental damages (including, without limitation, damages for lost profits) in connection with any provision of this Agreement other than Section 4.1(c).

11.2 Seller's Default.

(a) If Seller defaults under this Agreement before the Closing and City has actual knowledge of such default(s) before the Closing, or if Seller defaults on its obligation to close the transaction contemplated hereby, then City may, at its sole election, proceed with one of the following mutually exclusive alternatives with respect to such default(s):

(i) City may terminate this Agreement; the Deposit shall be returned to the City; and City shall recover reimbursement from Seller for City's actual out-of-pocket expenses incurred in connection with its negotiation of this Agreement, its investigation of the Property pursuant hereto, and its preparation to close the transaction contemplated hereby, up to a maximum of \$50,000.00, plus attorneys' fees under Section 12.12 (if applicable), and neither party shall have any further liability or obligation to the other hereunder, except for provisions of this Agreement which expressly state that they shall survive the termination of this Agreement..

(ii) If none of such default(s) consists of Seller's failure to close the transaction contemplated hereby, then City may proceed with the Closing with no reduction in the Purchase Price; provided, however, that: (a) in proceeding with the Closing pursuant to this subparagraph, City shall be deemed to have waived any default(s) of Seller in the performance of Seller's obligations under this Agreement occurring before the Closing which are actually known to City unless (1) before the Closing City gives Seller written notice of such default(s) expressly stating that City intends to preserve one or more post-Closing claims based on such default(s), and (2) City files suit based on such default(s) in a court of competent jurisdiction before the expiration of the Survival Period.

(iii) If any of such default(s) consists of Seller's failure to close the transaction contemplated hereby (whether or not any other pre-Closing default(s) by Seller also exist), City may file in any court of competent jurisdiction an action for specific performance to cause Seller to so close the transaction contemplated hereby (and Seller acknowledges that such a default consisting of Seller's failure to close the transaction contemplated hereby will be conclusively deemed to be a breach of an agreement to transfer real property that cannot be adequately relieved by pecuniary compensation as set forth in California Civil Code Section 3387), but (except in the event of City's election pursuant to subparagraph (a)(i) above) City shall not be entitled to recover monetary damages for Seller's default consisting of Seller's failure to close the transaction contemplated hereby; provided, however, that City may recover damages for other pre-Closing default(s) by Seller as provided below in this Section 11.2(a)(iii). Notwithstanding the foregoing prohibition on the recovery of monetary damages in an action for specific performance: (A) City shall be entitled to recover monetary damages, subject to the limitations set forth below, for any pre-Closing default by Seller which is separate and distinct from Seller's failure to close the transaction contemplated hereby (such as a default due to a breach of a representation or warranty contained in Section 8.1 or a breach of Seller's covenants contained in Section 10.3), it being specifically agreed that in no event will City be entitled to

recover monetary damages on account of Seller's failure to close the transaction contemplated hereby; and (B) this provision will not limit City's right to receive reimbursement for attorney's fees pursuant to Section 12.12, below, nor waive or affect any of Seller's other obligations under this Agreement to be performed after the Closing with respect to any matter other than Seller's failure to close the transaction contemplated hereby. City's right to recover monetary damages for a pre-Closing default by Seller pursuant to clause (A) of this Section 11.2(a)(iii) shall be subject to the following additional limitations: (1) City shall be deemed to have waived such default if City fails to include a cause of action for recovery of damages for such default in its complaint filed in connection with the specific performance action; and (2) in no event shall City be entitled to recover monetary damages for any such default unless such default will not be adequately remedied by the terms of the judgment ordering specific performance (for example, if the court determines that Seller has failed to remove a monetary lien which Seller is required to remove pursuant to Section 5.1(a)(ii), City shall be entitled to recover damages on account of such default only if the judgment for specific performance requires only that Seller convey the Property to City, and does not require that Seller discharge such lien).

(b) If Seller defaults on any of its obligations under Section 4.1 or 10.1 and such default is not known to City as of the Closing, then, subject to subparagraphs (c) and (d) below, City shall have all of its rights and remedies at law or in equity; provided, however, that, notwithstanding any provision of this Agreement to the contrary, (i) Seller shall have no liability to City for such default unless City gives Seller written notice of any claim City may have against Seller for such default before the expiration of the Survival Period, and (ii) any such claim which City may have which is not so asserted before the expiration of the Survival Period shall not be valid or effective, and Seller shall have no liability with respect thereto.

(c) Notwithstanding any provision of this Agreement to the contrary, in no event shall Seller's liability for any default under this Agreement including liability for breach of any representations or warranties contained in this Agreement (including, without limitation, in Section 8.1 above), Seller's Closing Certification, Seller's Due Diligence Certification or any Seller's Lease Certificate (if applicable), or for Seller's breach of any of its obligations under Section 4.1 or 10.1 hereof (whether or not such breach of Section 4.1 or 10.01 is known to City as of the Closing), exceed One Hundred Thousand Dollars (\$100,000) in the aggregate.

(d) Notwithstanding anything herein to the contrary, in no event shall Seller be liable to City for any indirect, special, consequential or incidental damages (including, without limitation, damages for lost profits) in connection with this Agreement.

(e) **Termination.** Upon the exercise of any right to terminate this Agreement, the Deposit shall be returned to the City, and each of the parties will be discharged from any further obligations and liabilities under this Agreement, except for the obligations and liabilities which have then accrued or that expressly survive such termination under the terms of this Agreement.

12. GENERAL PROVISIONS

12.1 Notices. Any notice, consent or approval required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given upon (i) hand delivery, against receipt, (ii) one (1) day after being deposited with a reliable overnight courier

service, or (iii) two (2) days after being deposited in the United States mail, registered or certified mail, postage prepaid, return receipt required, and addressed as follows:

City: Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property
Re: 555 Selby Street
Facsimile No.: (415) 552-9216

with copy to: Charles Sullivan, Deputy City Attorney
Office of the City Attorney
City Hall, Room 234
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4682
Re: 555 Selby Street
Facsimile No.: (415) 554-4757 _____

Seller: Selby and Hudson Corporation,
a California Corporation
Edward Scoble
864 Page Street
San Francisco, CA 94117
Phone: 415-609-8770
Email: Edwardscoble@att.net
Facsimile No.: ()

and

Carr McClellan, P.C.
216 Park Road
Burlingame, CA 94010
Attn: Norm Book
Phone: (650) 342-9600
Facsimile: (650) 342-7685

TITLE COMPANY: Jennifer Raike
Old Republic Title Company
275 Battery Street, Suite 1500
San Francisco, CA 94111
Facsimile No.: (415) 397-1099

or to such other address as either party may from time to time specify in writing to the other upon five (5) days prior written notice in the manner provided above. For convenience of the parties, copies of notices may also be given by telefacsimile, to the telephone number listed above, or such other numbers as may be provided from time to time. However, neither party may give official or binding notice by facsimile. The effective time of a notice shall not be affected by the receipt, prior to receipt of the original, of a telefacsimile copy of the notice. No written notice permitted or required by City hereunder shall be deemed effective unless it is executed by or on behalf of or at the direction of the City's Director of Property. Any notice sent at the direction of the Director of Property shall so state and if so shall be binding upon City.

12.1a Brokers and Finders

Neither party has had any contact or dealings regarding the Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the purchase and sale contemplated herein, with the exception of DTZ, representing Seller, whose commission, if any is due, shall be the sole responsibility of Seller pursuant to a separate written agreement with such broker, and City shall have no liability whatsoever therefor. In the event that any other broker or finder asserts a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes his or her claim shall be responsible for such commission or fee and shall indemnify and hold harmless the other party from all claims, costs, and expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the indemnified party in defending against the same. The provisions of this Section 12.1a shall survive the Closing.

12.2 Successors and Assigns

This Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors, heirs, administrators and assigns. Except in compliance with the preceding sentence, City may not assign this Agreement to any other party without Seller's prior written consent, which consent may be granted, conditioned or denied in Seller's sole and absolute discretion. In the event of any assignment of this Agreement by City, (i) City shall not in any event be released from any of its obligations or liabilities hereunder, including, without limitation, any obligations which survive the Closing, whether contained in this Agreement or any document to be delivered by City at the Closing, even if such document is signed by the assignee of City only; and (ii) City shall indemnify, defend and hold Seller harmless from and against any claim that the assignee of City may assert against Seller which City itself would be barred hereunder from asserting against Seller in the absence of such assignment.

12.3 Amendments. Except as otherwise provided herein, this Agreement may be amended or modified only by a written instrument executed by City and Seller.

12.4 Continuation and Survival of Representations and Warranties

All representations and warranties by the respective parties contained herein or made in writing pursuant to this Agreement. They shall be deemed to be material, and, together with all conditions, covenants and indemnities made by the respective parties contained herein or made in writing pursuant to this Agreement (except as otherwise expressly limited or expanded by the terms of this Agreement), shall survive the execution and delivery of this Agreement and the Closing, or, to the extent the context requires, beyond any termination of this Agreement. All statements contained in any Due Diligence Certification or Closing Certification shall constitute representations and warranties hereunder.

12.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12.6 Merger of Prior Agreements. The parties intend that this Agreement (including all of the attached exhibits and schedules, which are incorporated into this Agreement by reference) shall be the final expression of their agreement with respect to the subject matter hereof and thereof and may not be contradicted by evidence of any prior or contemporaneous oral or written agreements or understandings. The parties further intend that this Agreement shall constitute the complete and exclusive statement of their respective terms and that no extrinsic evidence whatsoever (including, without limitation, prior drafts or changes therefrom)

may be introduced in any judicial, administrative or other legal proceeding involving this Agreement.

12.7 Parties and Their Agents. The term "Seller" as used herein shall include the plural as well as the singular. If there is more than one Seller, then the obligations under this Agreement imposed on Seller shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party.

12.8 Approvals. All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through City's Director of Property unless otherwise provided herein, subject to applicable law; provided, however, nothing in this Section 12.10 shall affect the respective rights and obligations of the parties hereunder.

12.9 Interpretation of Agreement.

The article, section and other headings of this Agreement and the table of contents are for convenience of reference only and shall not affect the meaning or interpretation of any provision contained herein. Whenever the context so requires, the use of the singular shall be deemed to include the plural and vice versa, and each gender reference shall be deemed to include the other and the neuter. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein. In addition, each party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law (including California Civil Code section 1654) or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purposes of the parties and this Agreement.

12.10 Attorneys' Fees.

If either party hereto fails to perform any of its respective obligations under this Agreement or if any a dispute arises between the parties hereto concerning the meaning or interpretation of any provision of this Agreement, then the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party on account of such default and/or in enforcing or establishing its rights hereunder, including, without limitation, court costs and reasonable attorneys' fees and disbursements. Any such attorneys' fees and other expenses incurred by either party in enforcing a judgment in its favor under this Agreement shall be recoverable separately from and in addition to any other amount included in such judgment, and such attorneys' fees obligation is intended to be severable from the other provisions of this Agreement and to survive and not be merged into any such judgment. For purposes of this Agreement, the reasonable fees of attorneys of City's Office of City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the City Attorney's Office.

12.11 Sunshine Ordinance

Seller understands and agrees that under the City's Sunshine Ordinance (San Francisco Administrative Code, Chapter 67) and the State Public Records Law (Gov. Code Section 6250 et seq.), this Agreement and any and all records, information, and materials submitted to the City hereunder public records are subject to public disclosure. Seller hereby acknowledges that the

City may disclose any records, information and materials submitted to the City in connection with this Agreement.

12.12 Conflicts of Interest

Through its execution of this Agreement, that it is familiar with the provisions of Section 15.103 of the San Francisco Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which would constitute a violation of said provision, and agrees that if Seller becomes aware of any such fact during the term of this Agreement, Seller shall immediately notify the City.

12.13 Notification of Limitations on Contributions

Through its execution of this Agreement, Seller acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the selling or leasing of any land or building to or from the City whenever such transaction would require the approval by a City elective officer, the board on which that City elective officer serves, or a board on which an appointee of that individual serves, from making any campaign contribution to (1) the City elective officer, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual or candidate, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. Seller acknowledges that the foregoing restriction applies only if the contract or a combination or series of contracts approved by the same individual or board in a fiscal year have a total anticipated or actual value of \$50,000 or more. Seller further acknowledges that the prohibition on contributions applies to each Seller; each member of Seller's board of directors, and Seller's chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Seller; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Seller. Additionally, Seller acknowledges that Seller must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Seller further agrees to provide to City the names of each person, entity or committee described above.

12.14 Non-Liability of Officials, Employees, Directors, Officers, Stockholders and Agents

Notwithstanding anything to the contrary in this Agreement, no elective or appointive board, commission, member, officer, employee or agent of City shall be personally liable to Seller, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Seller, its successors and assigns, or for any obligation of City under this Agreement.

Notwithstanding anything to the contrary in this Agreement, no elective or appointive board, stockholder, member, officer, employee or agent of Seller shall be personally liable to City, its successors and assigns, in the event of any default or breach by Seller or for any amount which may become due to City, its successors and assigns, or for any obligation of Seller under this Agreement.

12.15 Counterparts

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

12.16 Effective Date

As used herein, the term “Effective Date” shall mean the date on which the City’s Board of Supervisors and Mayor, in the respective sole discretion of each, shall have enacted a resolution (and taken such other action as may be required) approving, adopting, and authorizing this Agreement and the transactions contemplated hereby, following execution of this Agreement by both parties, and such resolution shall have become effective. City shall provide to Seller written notice of the Effective Date within ten (10) days of the occurrence of such date.

12.17 Severability.

If any provision of this Agreement or the application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable or void, the remainder of this Agreement and such provisions as applied to other persons, places and circumstances shall remain in full force and effect, so long as the essential nature of the contemplated transaction described herein can be performed.

12.18 City Charter. Seller acknowledges that, to the extent required by California law, all of the terms of this Agreement shall be governed by and subject to the applicable provisions of the Charter of the City and County of San Francisco (the “City Charter”); provided, however, that nothing in this sentence shall be deemed to cause this Agreement to be governed by or construed in accordance with such provisions of the City Charter in any respect in which this Agreement would not, as a matter of law, be so governed and construed in the absence of this sentence. There shall be no obligation for the payment or expenditure of money by City under this Agreement unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the Charter, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. If such written certification is not delivered by City to Seller on or before the expiration of the Due Diligence Period, Seller may terminate this Agreement by written notice to City, in which event the Deposit shall be returned to City and neither party shall have any further obligation hereunder except as otherwise expressly provided herein.

12.19 Agreement Not to Market Prior to Effective Date

Seller agrees that unless and until this Agreement terminates pursuant to its terms, Seller shall not negotiate with any other parties pertaining to the sale of the Property and shall not market the Property to third parties.

12.20 Acceptance of Agreement by Seller; Memorandum of Agreement.

This Agreement shall be null and void unless Seller accepts it and returns to City four (4) fully executed counterparts hereof on or before 5:00 p.m. San Francisco Time on _____, 20__.

Within two (2) days following the Effective Date, Seller shall execute and acknowledge a memorandum of this Agreement in the form attached hereto as Exhibit T, and deliver such memorandum to City. Upon receipt, City shall execute and acknowledge the memorandum and file it for recordation in the Official Records of the County in San Francisco, California. If this

Agreement terminates, City shall cooperate with Seller in filing and recording a document eliminating the memorandum as a cloud on title.

12.21 Confidentiality. As to any records or proprietary information delivered by Seller to City, Seller will clearly designate those financial records which it in good faith determines to be a trade secret or confidential proprietary information protected from disclosure under applicable law. To the extent permitted by law, City will maintain the confidentiality of such financial information as well as any information obtained by City in conducting its investigations of the Property pursuant to Section 4.1 (including, any information disclosed in any Purchaser Reports), consistent with City's general practices for maintaining the confidentiality of such information, provided however that Seller acknowledges and agrees that City will comply with applicable public records laws under state and local law, including City's Sunshine Ordinance, and that such laws may compel disclosure of some or all of such financial information and/or information obtained by City in conducting its investigations of the Property pursuant to Section 4.1 (including, any information disclosed in any Purchaser Reports). City will not under any circumstances be responsible for any damages or losses incurred because of the release of such financial information and/or information obtained by City in conducting its investigations of the Property pursuant to Section 4.1 to the extent such release is required by applicable law.

12.23 Unavoidable Delay. Notwithstanding anything to the contrary set forth in this Agreement, the time or times for performance of any act required hereunder shall be extended in the event of any Unavoidable Delay as set forth in this Section. "Unavoidable Delay" shall mean any delay by reason of acts of God, terror attacks, enemy action, civil commotion, war, riots, or by any other reason without fault and clearly beyond the reasonable control of the party obligated to perform and which directly results in a performance delay. In the event of the occurrence of any such Unavoidable Delay, the time or times for performance of the obligations of the delayed party, including the Due Diligence Period or the Closing Date as applicable, will be extended for the period of the delay; provided, however, (i) within five (5) days after the beginning of any such delay, the delayed party shall have first notified the other party in writing by fax or hand messenger and by telephone of the cause or causes of such delay and claimed an extension for the reasonably estimated period of the delay, (ii) the delayed party cannot, through commercially reasonable efforts, make up for the delay within the time period remaining prior to the applicable completion date, and (iii) in no event shall the Unavoidable Delay extend beyond sixty (60) days. Unavoidable Delay shall not apply to monetary obligations.

12.24 Cooperative Drafting. This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule than an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, SELLER ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS AGREEMENT UNLESS AND UNTIL APPROPRIATE LEGISLATION OF CITY'S BOARD OF SUPERVISORS SHALL HAVE BEEN DULY ENACTED APPROVING THIS AGREEMENT

AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED HEREBY. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON THE DUE ENACTMENT OF SUCH LEGISLATION, AND THIS AGREEMENT SHALL BE NULL AND VOID IF CITY'S BOARD OF SUPERVISORS AND MAYOR DO NOT APPROVE THIS AGREEMENT, IN THEIR RESPECTIVE SOLE DISCRETION WHICH SHALL OCCUR ONLY AFTER THE COMPLETION OF ALL ENVIRONMENTAL REVIEWS REQUIRED BY THE CALIFORNIA ENVIRONMENTAL QUALITY ACT. APPROVAL OF ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH LEGISLATION WILL BE ENACTED NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

The parties have duly executed this Agreement as of the respective dates set forth below.

SELLER:

SELBY AND HUDSON CORPORATION,
a California Corporation

By: _____

Its: _____

Date: _____

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation through its Department
of Real Estate

By: _____

John Updike
Director of Property

Date: _____

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Hazel M. Brandt
Deputy City Attorney

Title Company agrees to act as escrow holder in accordance with the terms of this Agreement and to execute the Designation Agreement (attached hereto as Exhibit J) and act as the Reporting Person (as such term is defined in the Designation Agreement). Title Company's failure to execute below shall not invalidate the Agreement between City and Seller.

TITLE COMPANY:

TITLE INSURANCE COMPANY

By: _____

Its: _____

Date: _____

EXHIBIT A

REAL PROPERTY DESCRIPTION

All that certain real property located in the City and County of San Francisco, State of California, described as follows:

[LEGAL DESCRIPTION TO COME FROM PRELIMINARY REPORT]

EXHIBIT B

PERSONAL PROPERTY DESCRIPTION

[TO COME FROM SELLER]

EXHIBIT C

GRANT DEED

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Director of Property
Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102

The undersigned hereby declares this instrument to be exempt from Recording Fees (CA Govt. Code § 27383) and Documentary Transfer Tax (CA Rev. & Tax Code § 11922 and S.F. Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for Recorder's use only)

This transaction is exempt from California Documentary Transfer Tax pursuant to Section [____] of the California Revenue and Taxation Code. This transaction is exempt from recording fees pursuant to Section [____] of the California Government Code.

GRANT DEED

(Assessor's Parcel No. _____)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, Selby and Hudson Corporation. ("Grantor"), a California Corporation, hereby grants to the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the real property located in the City and County of San Francisco, State of California, described on Exhibit A attached hereto and made a part hereof (the "Property").

TOGETHER WITH all of Grantor's right, title, and interest, if any, in and to any and all rights, privileges and easements incidental or appurtenant to the Property, including, without limitation, any and all minerals, oil, gas and other hydrocarbon substances on and under the Property, as well as, to the extent assignable, any and all development rights, air rights, water, water rights, riparian rights and water stock relating to the Property, and any and all easements, rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Property and any and all roads and alleys adjoining or servicing the Property.

[SIGNATURES ON FOLLOWING PAGE]

This Deed is made and accepted subject to the matters listed on Exhibit B attached hereto and made a part hereof.

Executed as of this _____ day of _____, 20__.

GRANTOR

SELBY AND HUDSON CORPORATION,
a California corporation

By: _____

Its: _____

State of California)
) ss
County of San Francisco)

On _____, before me, _____, a notary public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by this deed from the first party to _____, the City and County of San Francisco, is hereby accepted pursuant to Board of Supervisors' Resolution No. _____, approved _____, and the grantee consents to recordation thereof by its duly authorized officer.

Dated: _____

CITY AND COUNTY OF SAN FRANCISCO

By: _____

John Updike
Director of Property

EXHIBIT D

BILL OF SALE

For good and valuable consideration the receipt of which is hereby acknowledged, Selby and Hudson Corporation., a California Corporation ("Seller"), does hereby sell, transfer and convey to the CITY AND COUNTY OF SAN FRANCISCO ("Buyer"), without representation or warranty of any kind or nature, except as expressly provided herein, all personal property owned by Seller and located on or in or used in connection with the Land and Improvements (as such terms are defined in that certain Agreement of Purchase and Sale for Real Estate dated as of _____, 20 __, between Seller and Buyer (the "Purchase Agreement"), including, without limitation, those items described in Schedule 1 attached hereto.

The Personal Property is in a used condition, and Seller is neither a manufacturer, nor distributor of, nor dealer nor merchant in, said Personal Property. Seller makes no representations, express or implied, as to the condition or state of repair of the Personal Property, including warranties of fitness or merchantability, it being expressly understood that the Personal Property is being sold to Buyer in its present "AS IS, WHERE IS" condition and with all faults. By acceptance of delivery of the Personal Property, Buyer affirms that it has not relied on Seller's skill or judgment to select or furnish said Personal Property for any particular purpose, and that Seller makes no warranty that said Personal Property is fit for any particular purpose and that there are no representations or warranties, express, implied or statutory, except that Seller represents and warrants that Seller has not previously sold or conveyed said Personal Property, and said Personal Property is free and clear of all encumbrances granted by Seller.

DATED this _____ day of _____, 20 __.

SELLER:

Selby and Hudson Corporation,
a California Corporation

By: _____

Its: _____

EXHIBIT E

ASSIGNMENT OF WARRANTIES AND GUARANTIES AND OTHER INTANGIBLE PROPERTY

THIS ASSIGNMENT is made and entered into as of this ____ day of _____, 20 ____, by and between Selby and Hudson Corporation, a California Corporation ("Assignor"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Assignee").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Effective Date (as defined below), Assignor, to the extent assignable, hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under any Intangible Property (as defined in that certain Agreement of Purchase and Sale for Real Estate dated as of _____, 20 ____, between Assignor and Assignee (or Assignee's predecessor in interest) (the "Purchase Agreement"), including, without limitation, all warranties and guaranties made by or received from any third party with respect to any building, building component, structure, system, fixture, machinery, equipment, or material situated on, contained in any building or other improvement situated on, or comprising a part of any building or other improvement situated on, any part of that certain real property described in Exhibit A attached hereto.

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating prior to the Effective Date (as defined below) and arising out of the owner's obligations under the Service Contracts.
2. Effective as of the Effective Date (as defined below), Assignee hereby assumes all of the owner's obligations under the Service Contracts and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating on or subsequent to the Effective Date (as defined below) and arising out of the owner's obligations under the Service Contracts.
3. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party's costs and expenses of such litigation, including, without limitation, attorneys' fees.
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.
5. This Assignment shall be governed by and construed in accordance with the laws of the State of California.
6. For purposes of this Assignment, the "Effective Date" shall be the date of the Closing (as defined in the Purchase Agreement).
7. This Assignment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first written above.

ASSIGNOR:

SELBY AND HUDSON CORPORATION,
a California Corporation

By: _____

Its: _____

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

John Updike
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____

Hazel M. Brandt
Deputy City Attorney

EXHIBIT F

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT is made and entered into as of this ___ day of _____, 20___, by and between Selby and Hudson Corporation, a California Corporation ("Assignor"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("Assignee").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Effective Date, (as defined below), Assignor hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under that certain Lease described on Schedule I attached hereto.

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Assignor represents and warrants that as of the date of the Effective Date the attached Schedule 1 includes all of the Leases and occupancy agreements affecting any of the Property. As of the date hereof and the Effective Date, there are no assignments of or agreements to assign the Leases to any other party. Effective as of the Effective Date, Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees), originating prior to the Effective Date and arising from Assignor's failure to perform the landlord's obligations under the Lease.
2. Effective as of the Effective Date (as defined below), Assignee hereby assumes all of the landlord's obligations under the Lease and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees) arising out of Assignee's failure to perform the landlord's obligations under the Lease on or subsequent to the Effective Date.
3. Any rental and other payments under the Lease shall be prorated between the parties as provided in Article 7 of the Agreement of Purchase and Sale for Real Estate between Assignor, as Seller, and Assignee, as Buyer, dated as of _____ (the "Purchase Agreement").
4. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party's costs and expenses of such litigation, including, without limitation, attorneys' fees.
5. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.
6. This Assignment shall be governed by and construed in accordance with the laws of the State of California.
7. For purposes of this Assignment, the "Effective Date" shall be the date of the Closing (as defined in the Purchase Agreement).
8. This Assignment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[SIGNATURES ON FOLLOWING PAGE]

Assignor and Assignee have executed this Assignment as of the day and year first written above.

ASSIGNOR:

SELBY AND HUDSON CORPORATION,
a California Corporation

By: _____
[NAME]

Its: _____

ASSIGNEE:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
JOHN UPDIKE
Director of Property

APPROVED AS TO FORM:

DENNIS J. HERRERA, City Attorney

By: _____
Hazel M. Brandt
Deputy City Attorney

Schedule 1

EXHIBIT G

ASSIGNMENT AND ASSUMPTION OF MISCELLANEOUS AGREEMENTS

THIS ASSIGNMENT is made and entered into as of this ___ day of _____, 20___, by and between Selby and Hudson Corporation, a California corporation ("Assignor"), and _____ ("Assignee").

FOR GOOD AND VALUABLE CONSIDERATION, the receipt of which is hereby acknowledged, effective as of the Effective Date (as defined below), Assignor, to the extent assignable, hereby assigns and transfers to Assignee all of Assignor's right, title, claim and interest in and under those certain agreements described on Schedule 1 attached hereto (collectively, the "Miscellaneous Agreements") executed with respect to that certain real property commonly known as 555 Selby Street, San Francisco, California (the "Property").

ASSIGNOR AND ASSIGNEE FURTHER HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Effective as of the Effective Date, Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees) arising from Assignor's failure to perform the owner's obligations under the Miscellaneous Agreements prior to the Effective Date.
2. Effective as of the Effective Date, Assignee hereby assumes all of the owner's obligations under the Miscellaneous Agreements and agrees to indemnify Assignor against and hold Assignor harmless from any and all costs, liabilities, losses, damages or expenses (including, without limitation, reasonable attorneys' fees) arising from Assignee's failure to perform the owner's obligations under the Miscellaneous Agreements on or after the Effective Date.
3. In the event of any litigation between Assignor and Assignee arising out of this Assignment, the losing party shall pay the prevailing party's costs and expenses of such litigation, including, without limitation, attorneys' fees.
4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their heirs, executors, administrators, successors in interest and assigns.
5. This Assignment shall be governed by and construed in accordance with the laws of the State of California.
6. For purposes of this Assignment, the "Effective Date" shall be the date of the Closing (as defined in the Agreement of Purchase and Sale for Real Estate, dated as of _____, 200___, between Assignor, as Seller, and Assignee, as Buyer).
7. This Assignment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Assignor and Assignee have executed this Assignment as of the day and year first written above.

ASSIGNOR:

By:

By:

By: _____

Name: _____

Its: _____

ASSIGNEE:

a _____

By: _____

Name: _____

Title: _____

APPROVED AS TO FORM:
Dennis J. Herrera, City Attorney

By: _____
Hazel M. Brandt
Deputy City Attorney

Schedule 1

EXHIBIT H

TENANT'S ESTOPPEL CERTIFICATE

DATE: _____

TENANT: _____

PREMISES: _____

LEASE DATE: _____

COMMENCEMENT DATE: _____

EXPIRATION DATE: _____

TERM IN MONTHS: _____

DATE RENT AND OPERATING EXPENSE
PARKING: _____

PAYMENTS ARE DUE: _____

OPTIONS: Check if you have any of these
options or rights, and provide details in
Sections 5 or 9 below.

_____ Extension Option
_____ Termination Option
_____ Expansion Option
_____ Purchase Option

CURRENT MONTHLY PAYMENTS: _____

BASE RENTAL: _____

TAXES: _____

OP. EXP. CAP: _____

_____ Check here if you have rental escalations and provide details in Section 6 below:

SECURITY DEPOSIT: _____

THE UNDERSIGNED, AS TENANT OF THE ABOVE REFERENCED PREMISES ("PREMISES") UNDER THE LEASE DATED AS OF THE ABOVE-REFERENCED LEASE DATE, BETWEEN _____ ("LANDLORD") AND TENANT, HEREBY CERTIFIES, ACKNOWLEDGES AND AGREES FOR THE BENEFIT OF THE CITY AND COUNTY OF SAN FRANCISCO ("CITY"), AND ITS ASSIGNEES, AS FOLLOWS:

1. Accuracy. All of the information specified above and elsewhere in this Certificate is accurate as of the date hereof.

2. Lease. The copy of the Lease attached hereto as Exhibit A is a true and correct copy of the Lease. The Lease is valid and in full force and effect. The Lease contains all of the understandings and agreements between Landlord and Tenant and has not been amended, supplemented or changed by letter agreement or otherwise, except as follows (if none, indicate so by writing "NONE" below):

3. Premises. The Premises consist of _____, and Tenant does not have any options to expand the Premises except as follows (if none, indicate so by writing "NONE" below):

4. Acceptance of Premises. Tenant has accepted possession of the Premises and is currently occupying the Premises. There are no unreimbursed expenses due Tenant including, but not limited to, capital expense reimbursements.

5. Lease Term. The term of the Lease commenced and will expire on the dates specified above, subject to the following options to renew or unconditional rights to terminate the Lease (if none, indicate so by writing "NONE" below):

6. No Defaults/Claims. To Tenant's knowledge, Landlord is not in default under any terms of the Lease, nor has any event occurred which with the passage of time (after notice, if any, required under the Lease) would become an event of default of Landlord under the Lease. To Tenant's knowledge, Tenant has no claims, counterclaims, defenses or setoffs against Landlord arising from the Lease, except those listed below (if none, indicate so by writing "NONE" below): _____. Tenant is not entitled to any concession, rebate, allowance or free rent for any period after this certification, except those listed below (if none, indicate so by writing "NONE" below): _____.

7. No Advance Payments. No rent has been paid in advance by Tenant except for the current month's rent.

8. No Purchase Rights. Tenant has no option to purchase, or right of first refusal to purchase, the Premises, the Property or any portion thereof (if none, indicate so by writing "NONE" below): _____.

9. Notification by Tenant. From the date of this Certificate and continuing until, Tenant agrees to notify City immediately of the occurrence of any event or the discovery of any fact that would make any representation contained in this Certificate inaccurate as of the date hereof or as of any future date.

10. No Sublease/Assignment. Tenant has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises, except those listed below (if none, indicate so by writing "NONE" below): _____.

11. No Notice. Tenant has not received notice of any assignment, hypothecation, mortgage, or pledge of Landlord's interest in the Lease or the rents or other payments payable thereunder, except those listed below (if none, indicate so by writing "NONE" below): _____.

12. Hazardous Materials. Tenant has not used, treated, stored, disposed of or released any Hazardous Materials on or about the Premises or the Property. Tenant does not have any permits, registrations or identification numbers issued by the United States Environmental Protection Agency or by any state, county, municipal or administrative agencies with respect to its operation on the Premises, except for any stated below, and except as stated below no such governmental permits, registrations or identification numbers are required with respect to Tenant's operations on the Premises. For the purposes hereof, the term "Hazardous Material" shall mean any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Section 9601 et seq.) or pursuant to Section 25316 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids, and "source," "special nuclear" and "by-product" material as defined in the Atomic Energy Act of 1985, 42 U.S.C. Section 3011 et seq.

13. Reliance. Tenant recognizes and acknowledges it is making these representations to City with the intent that City, and any of its assigns, will fully rely on Tenant's representations.

14. Binding. The provisions hereof shall be binding upon and inure to the benefit of the successors, assigns, personal representatives and heirs of Tenant and City.

15. Due Execution and Authorization. The undersigned, and the person(s) executing this Certificate on behalf of the undersigned, represent and warrant that they are duly authorized to execute this Certificate on behalf of Tenant and to bind Tenant hereto.

EXECUTED BY TENANT AS OF THIS _____ DAY OF _____, 20_____.

By:

[NAME]

[TITLE]

By:

[NAME]

[TITLE]

EXHIBIT I

**CERTIFICATE OF TRANSFEROR
OTHER THAN AN INDIVIDUAL
(FIRPTA Affidavit)**

Section 1445 of the Internal Revenue Code provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. To inform the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation, the transferee of certain real property located in the City and County of San Francisco, California, that withholding of tax is not required upon the disposition of such U.S. real property interest by Selby and Hudson Corporation., a California Corporation ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. Transferor's U.S. employer identification number is _____; and
3. Transferor's office address is _____

Transferor understands that this certification may be disclosed to the Internal Revenue Service by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, I declare that I have examined this certificate and to the best of my knowledge and belief it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Dated: _____, 20____.

On behalf of:

SELBY AND HUDSON CORPORATION,
a California Corporation

By: _____

Its: _____

EXHIBIT J

DESIGNATION AGREEMENT

This DESIGNATION AGREEMENT (the "Agreement") dated as of _____, 20____, is by and between Selby and Hudson Corporation, a California Corporation ("Seller"), the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), and OLD REPUBLIC TITLE COMPANY ("Title Company").

A. Pursuant to that certain Agreement of Purchase and Sale for Real Estate entered into by and between Seller and Transferee, dated _____, 20____ (the "Purchase Agreement"), Seller has agreed to sell to Transferee, and Transferee has agreed to purchase from Seller, certain real property located in City and County of San Francisco, California, more particularly described in Exhibit A attached hereto (the "Property"). The purchase and sale of the Property is sometimes herein below referred to below as the "Transaction").

B. Section 6045(e) of the United States Internal Revenue Code of 1986 and the regulations promulgated thereunder (collectively, the "Reporting Requirements") require an information return to be made to the United States Internal Revenue Service, and a statement to be furnished to Seller, in connection with the Transaction.

C. Pursuant to Subparagraph 6.1 of the Purchase Agreement, an escrow has been opened with Title Company, Escrow No. _____, through which the Transaction will be or is being accomplished. Title Company is either (i) the person responsible for closing the Transaction (as described in the Reporting Requirements) or (ii) the disbursing title or escrow company that is most significant in terms of gross proceeds disbursed in connection with the Transaction (as described in the Reporting Requirements).

D. Seller, City and Title Company desire to designate Title Company as the "Reporting Person" (as defined in the "Reporting Requirements") with respect to the Transactions.

ACCORDINGLY, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller, City and Title Company agree as follows:

1. Title Company is hereby designated as the Reporting Person for the Transaction. Title Company shall perform all duties that are required by the Reporting Requirements to be performed by the Reporting Person for the Transaction.

2. Seller and City shall furnish to Title Company, in a timely manner, any information requested by Title Company and necessary for Title Company to perform its duties as Reporting Person for the transaction.

3. Title Company hereby requests Seller to furnish to Title Company Seller's correct taxpayer identification number. Seller acknowledges that any failure by Seller to provide Title Company with Seller's correct taxpayer identification number may subject Seller to civil or criminal penalties imposed by law. Accordingly, Seller hereby certifies to Title Company, under penalties of perjury, that Seller's correct taxpayer identification number is _____.

4. The names and addresses of the parties hereto are as follows:

SELLER: Selby and Hudson Corporation., a California Corporation

Attn: _____
Facsimile No.: () _____

CITY: Director of Property.
John Updike
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Facsimile No.: (415) 552-9216

TITLE COMPANY: Old Republic Title Company
275 Battery Street,
Suite 1500
San Francisco, CA 94111

Attn: Jennifer Raike
Facsimile No.: (415) 397-1009
Phone No.: (415) 248-7149

5. Each of the parties hereto shall retain this Agreement for a period of four (4) years following the calendar year during which the date of closing of the Transaction occurs.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date and year first above written.

SELLER:

Selby and Hudson Corporation., a California Corporation

Attn: _____
Facsimile No.: () _____

By: _____

Its: _____

Date: _____

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____
JOHN UPDIKE
Director of Property

Date: _____

Title Company:

OLD REPUBLIC TITLE COMPANY

Date: _____

By: _____

Its: _____

EXHIBIT K
SCHEDULE OF LEASES

[See following page.]

EXHIBIT L
SCHEDULE OF MISCELLANEOUS AGREEMENTS

[See following page.]

EXHIBIT M

SCHEDULE OF LITIGATION AND NOTICES OF DEFAULT

None.

EXHIBIT N
ENVIRONMENTAL DISCLOSURE

1. NFA Letter dated July 13, 2001
2. Phase I Environmental Site Assessment dated March 9, 2015
3. Phase 11 Soil sample investigation dated June 27, 2001

EXHIBIT P

FORM OF OWNER'S DECLARATION

The undersigned hereby declares and certifies to Old Republic Title (the "Title Company"), with respect to that certain real property commonly known as 555 Selby Street, located in the City and County of San Francisco, California (the "Premises"), that:

(1) the undersigned has not entered into any written agreement for any repair, work of improvement or materials furnished to the Premises within the last one hundred eighty (180) days which has not been paid for, and the undersigned has not received any written notice asserting any currently existing claim based on any such repair, work or materials; and

(2) to the actual knowledge of the undersigned, there is no one in possession of the Premises other than the tenants listed on the Rent Roll attached hereto as Exhibit A.

This Declaration is given for the purpose of inducing the Title Company to issue its policy(ies) of title insurance in favor of the City and County of San Francisco or its nominee ("Transferee"), and its lender, which may provide coverage as to the items mentioned above in connection with the undersigned's transfer of the Premises to Transferee on or about the date hereof.

Dated this _____ day of _____, 20__.

By: Selby and Hudson Corporation.,
a California Corporation

By: _____
Name: _____
Title: _____

EXHIBIT S

MEMORANDUM OF AGREEMENT

RECORDING REQUESTED BY,
AND WHEN RECORDED, MAIL TO:

Real Estate Department
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, CA 94102
Attn: Director of Property

FOR RECORDER'S USE ONLY

The undersigned hereby declares this instrument to be exempt from Recording Fees (CA Govt. Code § 27383) and Documentary Transfer Tax (CA Rev. & Tax Code § 11922 and S.F. Bus. & Tax Reg. Code § 1105)

(Space above this line reserved for Recorder's use only)

MEMORANDUM OF AGREEMENT

THIS MEMORANDUM OF AGREEMENT dated as of _____, 20____, is by and between Selby and Hudson Corporation., a California Corporation ("Seller"), and the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City").

1. Seller and City have entered into that certain Purchase and Sale Agreement (the "Agreement"), dated as of _____, pursuant to which City has the right to purchase that certain improved property located at 555 Selby Street, San Francisco, CA (Assessors Block 5250, Lot 15), as _____, more particularly described in Exhibit A (the "Property").

2. It is anticipated that the Closing Date for the purchase and sale of the Property shall occur, if at all, on or around [DATE], subject to such extensions as may be permitted in the Agreement.

3. Seller and City have executed and recorded this Memorandum to give notice of the Agreement to all third parties thereunder, and all of the terms and conditions of the Agreement are incorporated herein by reference as if they were fully set forth herein and reference is made to the Agreement itself for a complete and definitive statement of the rights and obligations of Seller and City thereunder.

4. This Memorandum o shall not be deemed to modify, alter or amend in any way the provisions of the Agreement. This Memorandum shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective legal representatives, successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Memorandum as of the date first written above.

SELLER:

SELBY AND HUDSON CORPORATION,
a California Corporation

By: _____

Its: _____

CITY:

CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation

By: _____

John Updike
Director of Property

Date: _____

State of California)
) ss
County of San Francisco)

On _____, before me, _____, a notary public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of California)
) ss
County of San Francisco)

On _____, before me, _____, a notary public in and for said State, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

SCHEDULE 1
ENERGY DISCLOSURE DOCUMENTS