

PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS

BUYER: CITY OF GARDEN GROVE

**SELLER: LT PROPERTIES COMPANY,
A CALIFORNIA LIMITED PARTNERSHIP**

DATED: August ____, 2023

PROPERTY: 12966 Euclid Street, Garden Grove, California

BASIC TERMS

Seller: LT Properties Company, a California Limited Partnership

Seller's Address: 12966 Euclid St., Suite #250C
Garden Grove, CA 92840
Attention: Jennifer Tseng
Direct: (626) 833-6783
Email: ltproperties.jennifer@gmail.com

City Manager: The City Manager of the City of Garden Grove or his or her designee

Closing Date (or Closing): Thirty (30) Days after the Expiration of the Due Diligence Period

Deed: A grant deed in the form of Exhibit B attached hereto

Due Diligence Period: Period expiring at 5 P.M. California Time Seventy-Eight (78) days after the Effective Date

Effective Date: August _____, 2023

Escrow Holder: Kim Hernandez
Ticor Title Company
4400 MacArthur Blvd., Suite 800
Newport Beach, CA 92660
Telephone: 714-289-3327
Email: kdhernandez@ticortitle.com
Fax: 949-809-0685

Deposit Amount: Four Hundred Thousand Dollars (\$400,000.00)

Purchase Price: Twelve Million One Hundred Eighty-Nine Thousand Dollars (\$12,189,000.00)

Property: That property located at 12966 Euclid Street, Garden Grove, California, Assessor's Parcel No. 090-164-41, legally described in Exhibit A attached hereto, and defined in Paragraph 1; the subject property is referred to as the "Property."

Buyer: City of Garden Grove, a municipal corporation

Buyer's Address: 11222 Acacia Parkway
Garden Grove, California 92840
Attention: Ms. Lisa Kim, City Manager
Telephone: 714-741-5100
Fax: 714-741-5044
Email: lisak@ggcity.com

Title Company: First American Title Insurance Company
18500 Von Karman Avenue, Suite 600
Irvine, CA 92612
Attention: Maureen Collier
direct: (949) 885-2481
949-299-4962
email: mcollier@firstam.com

Title Inspection Period: Period expiring at 5 P.M. California Time Thirty (30) days after the
Effective Date

**PURCHASE AND SALE AGREEMENT
AND
JOINT ESCROW INSTRUCTIONS**

This **PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS** (“Agreement”) is made and entered into as of August __, 2023 (the “Effective Date”) by and between Seller and Buyer.

RECITALS

A. Seller is the fee owner of the Property. The Property is an approximately 64,402 square feet office building on five (5) floors located at 12966 Euclid Street, Garden Grove, California 92840.

B. Buyer has offered to purchase from Seller the Property described herein for the price and subject to the terms and conditions set forth below. Seller has considered the offer by Buyer and agrees to sell to Buyer the Property, as more specifically described below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Buyer agree as follows:

1. Purchase and Sale. Seller hereby agrees to sell the Property to Buyer, and Buyer hereby agrees to purchase the Property from Seller, on the terms and conditions set forth in this Agreement. The term Property is defined collectively as the following:

(a) that certain real property, located at 12966 Euclid Street, Garden Grove, California 92840, more particularly described in Exhibit A attached hereto and incorporated herein by reference (the “Real Property”);

(b) any of Seller’s interest in any rights, privileges and easements appurtenant to the Real Property, including, without limitation, minerals, oil, gas and other hydrocarbon substances on and under the Real Property, development rights, air rights, water, water rights, riparian rights and water stock relating to the Real Property and rights-of-way or other appurtenances used in connection with the beneficial use and enjoyment of the Real Property (collectively, the “Appurtenances”);

(c) any improvements and fixtures located on the Real Property, including, without limitation, the building described in Recital A as well as any other buildings and structures located on the Real Property, all apparatus, installed equipment and appliances owned by Seller and located on or in and used exclusively in connection with the operation or occupancy of the Real Property, and all on-site parking (collectively, the “Improvements”);

(d) Seller’s interest in any assignable intangible personal property possessed by Seller and used by Seller in the ownership, use, operation or maintenance of the Real Property and Improvements, including without limitation: permits, licenses, governmental approvals and other entitlements relating to the Real Property and Improvements, plans, specifications and drawings, rights of landlord under the leases identified on the rent roll attached hereto as Exhibit D (“Leases”) (except for any past due rents or other obligations), all Property Documents (excluding historical

accounting records and confidential or privileged materials), and subject to Paragraph 11 hereof, a right to all security deposits paid by tenants under the Leases (the "Tenants"); and

(e) All service, supply and maintenance contracts identified on Exhibit H attached hereto (the "Service Contracts").

2. **Payment of Consideration.** As consideration for the sale of the Property from Seller to Buyer, Buyer shall, at the Closing (as defined below), deliver to Seller the all cash Purchase Price less the Deposit as described in Paragraph 3.(b).

3. **Escrow and Deposit.**

(a) **Opening of Escrow.** For the purposes of this Agreement, the escrow ("Escrow") shall be deemed opened ("Opening of Escrow") on the date that Escrow Holder receives a copy of this Agreement fully executed by Buyer and Seller. Buyer and Seller shall use their best efforts to cause the Opening of Escrow to occur within three (3) days following the Effective Date. Escrow Holder shall promptly notify Buyer and Seller in writing of the date of the Opening of Escrow. Buyer and Seller agree to execute, deliver and be bound by any reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Holder to consummate the transaction contemplated by this Agreement; provided, however, that no such instruments shall be inconsistent or in conflict with, amend or supersede any portion of this Agreement. If there is any conflict or inconsistency between the terms of such instruments and the terms of this Agreement, then the terms of this Agreement shall control. Without limiting the generality of the foregoing, no such instruments shall extinguish any obligations imposed by this Agreement or any other agreement between Seller and Buyer.

(b) **Deposit.** Within three (3) business days following the Effective Date, Buyer shall place Four Hundred Thousand Dollars (\$400,000) (the "Deposit") into Escrow. The Deposit shall be fully refundable to Buyer in the event Buyer delivers a Termination Notice (as defined below) during the Due Diligence Period (as defined below) and the Deposit shall become non-refundable to Buyer (except as noted below), but applicable to the Purchase Price, after the expiration of Due Diligence Period. Accordingly, the Deposit shall either be (i) returned to Buyer in the event this Agreement is terminated for any reason prior to the expiration of the Due Diligence Period, (ii) retained by Seller due to Buyer's default or (iii) applied to the Purchase Price at Closing.

(c) **Closing.** For purposes of this Agreement, the "Closing" or "Closing Date" shall be the date the Deed (as defined below) is recorded pursuant to applicable law in Orange County, California, which shall occur thirty (30) days after the expiration of the Due Diligence Period. If the Closing has not, for any reason, occurred by the Closing Date, then either Buyer or Seller may terminate this Agreement by delivering written notice to the other at any time after the Closing Date; provided, however, that if either party is in default under this Agreement at the time of such termination, then such termination shall not affect the rights and remedies of the non-defaulting party against the defaulting party.

4. **Seller's Delivery of Property Documents; Investigation; Warranty.**

(a) **Property Documents.** Within (5) business days of the Effective Date, Seller shall deliver or cause to be delivered the following, to the extent in Seller's possession (except for Item #3 below, which shall be delivered by the Title Company) (collectively, the "Property

Documents”):

1. All leases, lease amendments, month-to-month agreements, licenses, existing tenants, and licensees who remain under contract or occupy building, current litigation related to the Property (if any), governmental default notices, and contractual agreements for facility services;
2. All income and expense information from Property occupancy over the past three (3) years;
3. Title Commitment/preliminary report and legible copies of underlying documents;
4. Environmental reports, if Seller has any;
5. Copies of property tax bills for the Property over the past three (3) years;
6. ALTA and other building plans and surveys in Seller’s possession; and
7. Other agreements, reports, studies, inspections, or investigations of the Property in Seller’s possession and reasonably requested by Buyer; provided, however, that Seller shall not deliver to Buyer any of Seller’s historical accounting or financial records (other than item 4(a)2. above) (“Seller’s Confidential Financial Records”); provided further, that Buyer may view Seller’s Confidential Financial Records, but shall not retain copies of the same and shall keep all information related to Seller’s Confidential Financial Records strictly confidential to the extent permitted by law.

(b) Investigation of the Property. In addition to the foregoing, the Buyer shall have the right, at its sole cost and expense, to engage its own environmental consultant (the “Environmental Consultant”) to make such investigations as Buyer deems necessary or appropriate (subject to Seller’s consent as necessary). Buyer shall bear all costs, if any, associated with restoring the Property to substantially the same condition prior to its testing by or on behalf of Buyer if requested to so do by Seller but excluding any latent defects or Hazardous Materials (as defined below) discovered by Buyer during its investigation of the Property. Buyer agrees to indemnify, protect, defend (with counsel satisfactory to Seller) and hold Seller and the Property free and harmless from and against all costs, claims, losses, liabilities, damages, judgments, actions, demands, attorneys’ fees or mechanic’s liens arising out of or resulting from any entry or activities on the Property by Buyer, Buyer’s agents, contractors or subcontractors and the contractors and subcontractors of such agents, but in no event shall the indemnity of this Paragraph include the discovery of pre-existing conditions by Buyer or any such liabilities, costs, etc. arising from the negligence or willful misconduct of Seller and/or its contractors or consultants. The indemnity obligations of Buyer set forth herein shall survive any termination of this Agreement or the Close of Escrow. If for any reason whatsoever Buyer determines that the Property or any aspect thereof is unsuitable for Buyer’s acquisition, Buyer shall have the right to terminate this Agreement by giving written notice thereof to Seller (the “Termination Notice”) on or before the expiration of the Due Diligence Period, and if Buyer gives such notice of termination within the Due Diligence Period, this Agreement shall terminate. If this Agreement is terminated pursuant to the foregoing provisions

of this paragraph, then neither party shall have any further rights or obligations hereunder (except for any indemnity obligations of either party pursuant to the other provisions of this Agreement), the Deposit shall be returned to Buyer and each party shall bear its own costs incurred hereunder. If, prior to the expiration of the Due Diligence Period, Buyer determines, acting in its sole and absolute discretion, that the Property is acceptable, Buyer shall deliver a written notice to Seller confirming its approval of all matters relating to the Property and Buyer's election to proceed with the Closing (the "Approval Notice"). Upon delivery of the Approval Notice, the Deposit shall be nonrefundable to Buyer, except as otherwise provided herein, but the Deposit shall be applicable to the Purchase Price. If Buyer fails to deliver to Seller a Termination Notice or Approval Notice prior to the expiration of the Due Diligence Period, Buyer shall be deemed to have delivered a Termination Notice.

(c) Hazardous Materials Defined; Seller Representations and Warranties.

1. Hazardous Material Definition.

"Hazardous Materials" means any substance, material, or waste which is or becomes regulated by any local governmental authority, the County, the State of California, regional governmental authority, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," or "restricted hazardous waste" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140 of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "hazardous substance" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "hazardous material," "hazardous substance," or "hazardous waste" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as a "hazardous substance" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) friable asbestos, (vii) polychlorinated biphenyls, (viii) listed under Article 9 or defined as "hazardous" or "extremely hazardous" pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (ix) designated as "hazardous substances" pursuant to Section 311 of the Clean Water Act (33 U.S.C. §1317), (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (42 U.S.C. §6903) or (xi) defined as "hazardous substances" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §6901 *et seq.*

2. Seller Representation and Warranties. Seller represents and warrants to Buyer that, to Seller's actual knowledge, Seller has not used the Property or any portion thereof for the production, disposal or storage of any Hazardous Materials, and Seller has no actual knowledge of any current proceeding or inquiry by a governmental authority with respect to the presence of any such Hazardous Materials on the Property or the movement from or to adjoining properties during Seller's period of ownership. To Seller's actual knowledge, there is no asbestos in the building.

(d) Title Review. Within five (5) business days after the Effective Date, Title Company shall deliver to Buyer a preliminary title report (the "Report") describing the title to the Property, together with copies of the easements and the exceptions (the "Exceptions") set forth in the Report. Within thirty (30) days following the Effective Date (the "Title Inspection Period"),

Buyer shall notify Seller in writing (the "Title Notice"), in Buyer's sole discretion, any matters of title not approved by Buyer disclosed by the following (collectively, the "Title Documents"): (i) the Report; (ii) the Exceptions; (iii) the legal description of the Property and (iv) any survey Buyer desires to obtain at Buyer's sole cost and expense. If Buyer fails to deliver the Title Notice prior to the expiration of the Title Inspection Period, Buyer shall be conclusively deemed to have disapproved the condition of title to the Property. If Buyer notifies Seller in the Title Notice that Buyer objects to any exceptions to title, Seller shall have seven (7) days after receipt of the Title Notice to notify Buyer (a) that Seller will remove such objectionable exceptions from title on or before the Closing; or (b) that Seller elects not to cause such exceptions to be removed. If Seller shall fail to notify Buyer of its election within said period, Seller shall be deemed to have elected to not cause such exceptions to be removed. If Seller gives Buyer notice under clause (b) above, or is deemed to have elected to not cause such exceptions to be removed, Buyer shall have until the expiration of the Due Diligence Period in which to notify Seller that Buyer will nevertheless proceed with the purchase and take title to the Property subject to such exceptions, or that Buyer will terminate this Agreement. If Buyer shall fail to notify Seller of its election prior to the expiration of the Due Diligence Period, Buyer shall be deemed to have elected to terminate this Agreement. If this Agreement is terminated pursuant to the foregoing provisions of this paragraph, then neither party shall have any further rights or obligations hereunder (except for any indemnity obligations of either party pursuant to the other provisions of this Agreement), the Deposit shall be returned to Buyer and each party shall bear its own costs incurred hereunder. Buyer shall have the same rights to approve or disapprove any exceptions to title that are not created by Buyer and that come into existence after issuance of the Report but prior to Closing. Seller shall, on or before the Closing, remove all deeds of trust, mortgages and delinquent taxes (but not the lien for any real property taxes or assessments not yet delinquent).

5. Buyer Access to Property. Buyer has been granted access to the Property for the term of this Agreement in accordance with the certain "Right of Entry Agreement" entered into by the parties on July 11, 2023.

6. Buyer's Conditions Precedent and Termination Right.

(a) Conditions Precedent. The Closing and Buyer's obligation to consummate the purchase of the Property under this Agreement are subject to the timely satisfaction or written waiver of the following conditions precedent (collectively, "Buyer's Conditions Precedent to Closing"), which are for Buyer's benefit only.

(i) Buyer's Title Policy. On or before the Closing, the Title Company shall, upon payment by Seller of the Title Company's premium, have agreed to issue to Buyer, a standard ALTA owner's policy of title insurance insuring only as to matters of record title ("Standard Buyer's Title Policy") in the amount of the Purchase Price showing fee title to the Property vested solely in Buyer and subject only to the (i) the standard, preprinted exceptions to Buyer's Title Policy; (ii) liens to secure payment of real estate taxes or assessments not yet delinquent; (iii) matters affecting the Property created by or with the written consent of Buyer; and (iv) those matters specifically approved in writing by Buyer or not objected to in accordance with Paragraph 4(d) hereof. Buyer shall have the right, at its sole cost and expense, to obtain coverage beyond that offered by a Standard Buyer's Title Policy (such as an owner's extended coverage ALTA policy or coverage for a greater amount); provided, however, that Buyer's ability to obtain such extended coverage shall not be a Buyer's Contingency and Buyer's obligations hereunder shall in no way be conditioned or contingent upon obtaining such extended coverage. Buyer shall have

sole responsibility for obtaining, and bearing the cost of, any endorsements and for any survey or other matters required by the Title Company for such extended coverage.

(ii) Delivery of Documents. Seller's delivery of all documents described in Paragraph 8, below.

(iii) Representations and Warranties. All representations and warranties of Seller contained in this Agreement shall be materially true and correct as of the date made and as of the Closing.

(iv) Title Company Confirmation. The Title Company shall have confirmed that it is prepared to issue the Buyer's Title Policy consistent with the provisions of this Agreement.

(v) No Judicial Prohibition. As of the Closing, no order of any court of competent jurisdiction shall be in effect which precludes the consummation of the sale of the Property by Seller to Buyer under this Agreement.

(vi) No Default. As of the Closing, Seller shall not be in default in the performance of any material covenant or agreement to be performed by Seller under this Agreement.

(vii) Estoppel Certificates. Buyer shall have received the Required Estoppel Certificates, subject to and in accordance with the provisions of Paragraph 6(d) below.

(b) Termination Right. Provided Buyer is not in default of this Agreement, if any of Buyer's Conditions Precedent to Closing are not met prior to Closing, and Buyer so informs Seller, Buyer may, by written notice to Seller, terminate this Agreement (the "Closing Condition Notice").

If this Agreement is so terminated, the Deposit shall be returned to Buyer and neither party shall have any rights or liabilities to the other. Any escrow, title or other cancellation fees shall be paid be shared equally by the Parties.

(c) Seller's Cure Right. Buyer shall notify Seller, in Buyer's Closing Condition Notice, that the proposed termination is a result of a failure of Buyer's Conditions Precedent to Closing. Seller shall then have the right, but not the obligation, to cure such matters that are the basis of the failure of Buyer's Conditions Precedent to Closing within five (5) business days after Seller's receipt of the Closing Condition Notice. Buyer may accept or reject, acting in its sole and absolute discretion, Seller's offer to cure. In the event of termination as a result of a failure of Buyer's Conditions Precedent, the Deposit shall be returned to Buyer and the Seller shall bear the costs of cancelling escrow; provided, however, that Buyer's termination rights shall be in addition to and subject to Buyer's remedies in Paragraph 15(f)(ii).

(b) Estoppel Certificates.

(i) Seller shall deliver estoppel certificates to all Tenants in the form attached hereto as Exhibit G (unless a specific form is required under a Lease), and, thereafter, use commercially reasonable efforts to obtain, prior to the Closing, executed Tenant estoppel certificates from all Tenants in direct leases with Seller (the "Tenant Estoppel Certificates"). Notwithstanding

anything to the contrary contained in this Agreement, in no event shall Seller be in default hereunder for its failure to obtain all or any of the Tenant Estoppel Certificates, provided, however, that it shall be a condition precedent to Buyer's obligation to purchase the Property (which may be waived by Buyer) that prior to the Closing, Seller deliver to Buyer executed Tenant Estoppel Certificates from Tenants representing 95% or more of the leased area of the Property as of the Effective Date ("Required Estoppel Certificates"). Notwithstanding the foregoing to the contrary, if the Required Estoppel Certificates cannot be timely delivered, at Seller's election, the Closing shall be extended for a period not to exceed thirty (30) days, to (i) obtain the Required Estoppel Certificates or (ii) permit Seller, if Seller so elects, to deliver Seller's estoppels (each a "Seller's Estoppel" and collectively "Seller's Estoppels") in lieu of any Required Estoppel Certificates which are not delivered, or as a supplement thereto if such estoppels do not cover all of the required matters, in the same form attached hereto as Exhibit G (but with references to Tenant changed to Seller, as the context requires, and subject to the other provisions of this Paragraph 6(d) applicable to Seller's Estoppels), which Seller's Estoppels shall be deemed to comply with this Paragraph 6(d) and shall satisfy the contingency with respect to such Required Estoppel Certificates.

(ii) If the Closing is extended past the Closing Date to allow Seller to deliver any Required Estoppel Certificates to Buyer pursuant to this Paragraph 6(d), the Closing shall occur no later than two (2) business days after Seller delivers the Required Estoppel Certificates, including any Seller's Estoppels, and provides written notice to Buyer of satisfaction of the estoppel requirement. Any Seller's Estoppel provided by Seller shall only survive the Closing for the Survival Period, shall be made to Seller's knowledge (as defined herein), and shall be subject to Paragraph 13(c). Seller shall be entirely released from liability under a Seller's Estoppel upon delivery to Buyer of an Estoppel Certificate from the corresponding Tenant to the extent such replacement Estoppel Certificate is in a form which complies with this Paragraph 6(d).

(iii) If Seller does not or cannot deliver the Required Estoppel Certificates, Buyer's sole remedy shall be to terminate this Agreement and receive the return of the Deposit or to close notwithstanding the lack of the Estoppel Certificates without any reduction of the Purchase Price and without any liability of Seller relative thereto. In the event any Estoppel Certificate shall claim a material default by Seller under a Lease (such material default hereinafter being referred to as an "Estoppel Default"), then Seller may, but shall not be obligated to, elect to cure any such Estoppel Default to Buyer's satisfaction and shall, for that purpose, be entitled to extend the Closing for a period not to exceed thirty (30) days, provided, however, that in the event Seller elects not to cure such Estoppel Default or is unable to cure such Estoppel Default within such period of time, Buyer's sole remedy shall be to terminate this Agreement and receive the return of the Deposit.

Notwithstanding anything contained herein to the contrary, Buyer may only object to an Estoppel Certificate if such Estoppel Certificate either (i) discloses an Estoppel Default, or (ii) materially and adversely varies from the form of estoppel required under this Paragraph 6(d) ("Permitted Objections"). Buyer shall notify Seller within five (5) business days following Buyer's receipt of the applicable executed Estoppel Certificate of any Permitted Objections. Buyer's failure to timely respond to Seller in accordance with the preceding sentence shall be deemed its approval of the applicable Estoppel Certificate.

2. Seller's Conditions Precedent and Termination Right. The Closing and Seller's obligations with respect to the transaction contemplated by this Agreement are subject to the timely

satisfaction or written waiver of the following condition precedent (“Seller’s Conditions Precedent to Closing”), which are for Seller’s benefit only (and may be enforced or waived by Seller):

(d) Execution and Delivery of Quitclaim. If required by the Title Company as a condition to issue Buyer’s Title Policy, as of Closing, Buyer shall cause to be executed and delivered to Escrow a quitclaim by a spouse of Buyer (if any).

(e) No Judicial Prohibition. As of the Closing, no order of any court of competent jurisdiction shall be in effect which precludes the consummation of the sale of the Property by Seller to Buyer under this Agreement.

(f) Delivery of Documents. Buyer’s delivery of all documents described in Paragraph 9(a), below.

(g) Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be materially true and correct as of the date made and as of the Closing.

(h) No Default. As of the Closing, Buyer shall not be in default in the performance of any material covenant or agreement to be performed by Buyer under this Agreement.

Should any of Seller’s Conditions Precedent to Closing not be met by Closing, Seller may, by written notice to Buyer, terminate this Agreement and such termination rights shall be in addition to and subject to Seller’s remedies as set forth in Paragraph 15(f)(i). If this Agreement is so terminated, then (except to the extent expressly allocated to one party hereto by this Agreement) any escrow, title or other cancellation fees shall be paid by Buyer.

7. Seller’s Deliveries to Escrow Holder.

(a) Seller’s Delivered Documents. At least one (1) business day prior to the Closing Date, Seller shall deposit or cause to be deposited with Escrow Holder the following items, duly executed and, where appropriate, acknowledged (“Seller’s Delivered Items”):

(i) Deed. The Deed.

(ii) Bill of Sale. A copy of the bill of sale in the form attached hereto as Exhibit E (the “Bill of Sale”).

(iii) Assignment of Leases and Contracts. A copy of the assignment of Leases and Contracts in the form attached hereto as Exhibit F (the “Assignment of Leases and Contracts”).

(iv) FIRPTA/Tax Exemption Forms. The Transferor’s Certification of NonForeign Status in the form attached hereto as Exhibit C (the “FIRPTA Certificate”), together with any necessary tax withholding forms, and a duly executed California Form 593-C, as applicable (the “California Exemption Certificate”).

(v) Authority. Such evidence of Seller's authority and authorization to enter into this Agreement and to consummate this transaction as may be reasonably requested by Buyer and the Title Company which are consistent with the terms of this Agreement.

(i) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company which are consistent with the terms of this Agreement.

8. Buyer's Deliveries to Escrow. At least one (1) business day prior to the Closing Date, Buyer shall deposit or cause to be deposited with Escrow Holder the following, each duly executed and acknowledged, by Buyer as appropriate ("Buyer's Delivered Items"):

(a) Purchase Price. The Purchase Price less the Deposit. In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code, as evidenced by the delivery at Closing of the California Exemption Certificate duly executed by Seller, Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer for payment to the California Franchise Tax Board in accordance with Paragraph 11(b) hereof. In the event Seller is not exempt from such withholding or does not otherwise deliver the California Exemption Certificate at Closing, Buyer shall execute and deliver three (3) originals of California Form 593 to Title Company at or immediately after Closing.

(b) Change of Ownership Report. One (1) original Preliminary Change of Ownership Report.

(c) Assignment of Leases and Contracts. A copy of the Assignment of Leases and Contracts.

(d) Final Escrow Instructions. Buyer's final written escrow instructions to close escrow in accordance with the terms of this Agreement.

(e) Authority. Such proof of Buyer's authority and authorization to enter into this Agreement and to consummate the transaction contemplated hereby as may be reasonably requested by Seller or the Title Company.

(f) Further Documents or Items. Any other documents or items reasonably required to close the transaction contemplated by this Agreement as determined by the Title Company.

9. Costs and Expenses.

(a) Seller's Costs. If the transaction contemplated by this Agreement is consummated, then Seller shall be debited for and bear the following costs: (i) costs and charges associated with the removal of encumbrances that Seller is obligated to remove pursuant to the terms of this Agreement; (ii) Seller's share of prorations; (iii) the premium for a Standard Buyer's Title Policy with coverage in the amount of the Purchase Price; (iv) one half of the Escrow Holder's fee; (v) documentary transfer tax, if any, to the extent computed based upon the Purchase Price; and (vi) costs, if any, allocable to Seller under this Agreement and costs for such services as Seller may

additionally request that Escrow perform on its behalf (which foregoing items collectively constitute "Seller's Costs and Debited Amounts").

(b) Buyer's Costs. If the transaction contemplated by this Agreement is consummated, then Buyer shall bear the following costs and expenses: (i) one half of the Escrow Holder's fee; (ii) Buyer's share of prorations, (iii) the premium for title insurance other than or in excess of a Standard Buyer's Title Policy based on the Purchase Price and any requested title endorsements; (iv) recording fees; and (v) any documentary transfer taxes that are payable based upon the sale of the Property to Buyer which are not paid by Seller under subparagraph (a) of this Paragraph 10; (collectively, "Buyer's Costs and Debited Amounts").

(c) Generally. Each party shall bear the costs of its own attorneys, consultants, and real estate brokers in connection with the negotiation and preparation of this Agreement and the consummation of the transaction contemplated hereby. Escrow Holder shall disburse those amounts for matters referenced in Paragraph 2 as directed in writing by Seller.

10. Prorations; Withholding.

(a) Preparation of Prorations. Before Closing, Seller shall deliver to Buyer an unaudited statement for the Property (the "Preliminary Proration Statement") showing prorations for the items set forth below, calculated as of 11:59 p.m. on the day preceding the Closing. Buyer and Seller shall agree upon any adjustments to be made to the Preliminary Proration Statement before the Closing, and at the Closing, Buyer or Seller, as applicable, shall receive a credit equal to the net amount due Buyer or Seller, as applicable, pursuant to the Preliminary Proration Statement as finally agreed upon by Buyer and Seller. The items to be covered by the Preliminary Proration Statement are as follows: (i) rents, and charges for the cost of, or for increases (above a base amount) in the cost of, real estate taxes, operating expenses, maintenance, or other charges of a similar nature, if any, and any additional charges, and expenses payable under all Leases (collectively, "Additional Rents"), to the extent collected before Closing, provided that if any of the foregoing are not finally adjusted between Seller and any Tenants until after the preparation of the Preliminary Proration Statement, then proration of such items shall be subject to adjustment pursuant to Paragraphs 11.1(f), 11.1(g), and 11.1(h) below; (ii) non-delinquent real property taxes and assessments except to the extent reimbursable by the Tenants under the Leases (based upon the maximum discount rate available, if applicable); 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, 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 Paragraph 11.1(d) below; (iii) water, sewer and utility charges not payable by tenants to the extent such utilities will not be terminated and the meters for such utilities are read immediately prior to Closing; (iv) Seller shall be credited at Closing for all leasing commissions, landlord's work and tenant improvement allowances ("Leasing Costs") incurred by Seller in connection with Leases entered into after the Effective Date; (v) amounts payable under all maintenance contracts assumed by Buyer; and (vi) any other expenses normal to the operation and maintenance of the Property. Any revenue or expense amount which cannot be ascertained with certainty as of Closing shall be prorated on the basis of the parties' reasonable estimates of such amount. Except as provided in this Paragraph 11, all prorations pursuant to the Preliminary Proration Statement shall be final and binding and shall not be subject to adjustment after Closing.

(b) Principles of Prorations; Collections and Payments. Subject to the prorations to be made pursuant to this Paragraph, after the Closing Buyer shall collect all revenues and pay all expenses with respect to the Property, even if such revenues and expenses relate to periods before the Closing; provided however, if any Tenant sends payments to Seller after the Closing, Seller shall promptly endorse and deliver such payments to Buyer and Buyer shall deposit such payments to its bank account, and promptly after such payment has cleared, pay to Seller any portion of such payment to which Seller is entitled under the provisions of this Paragraph. Buyer shall use reasonable efforts consistent with prudent business practices to collect rents or other amounts payable under the Leases that were delinquent as of the Closing or that relate to a period prior to the Closing. Any rent or other payment collected after the Closing from any Tenant which owed a payment that was delinquent as of the Closing or that relates to any period prior to the Closing shall be applied (i) first, to the Tenant's unpaid monetary obligations which were less than 30 days delinquent at Closing, (ii) second, to the Tenant's unpaid monetary obligations which relate to any periods from the Closing through the end of the month in which such payment is made, and (iii) third, to the Tenant's unpaid monetary obligations which were at least 30 days delinquent at Closing or which otherwise relate to any periods prior to the Closing (for example, rent which relates to any period prior to the Closing which Seller has allowed the Tenant to defer until after Closing); and any remaining amount of such payment shall be retained by Buyer for application against such party's future obligations. Notwithstanding anything contained in this Agreement to the contrary, after the Closing Seller shall retain the right to bring or continue actions or proceedings against Tenants to collect any delinquencies to which Seller is entitled to receive, and to retain any sums collected in connection therewith, except that Seller shall have no right to terminate any Leases or evict any Tenants. Buyer shall have no obligation to bring or continue actions or proceedings against Tenants, to collect delinquencies with respect to period prior to Closing. In addition, in calculating the prorations pursuant to this Paragraph, Seller shall receive a credit in the amount of any utility, municipality or other deposits relating to the Property made by Seller and which are assigned to Buyer at the Closing. Seller shall be entitled to a refund of any deposits not assigned to Buyer.

(c) Security Deposits. At the Closing, Seller shall assign and deliver to Buyer through a credit at Closing all security deposits actually received by Seller pursuant to the Leases, less any portions thereof applied or refunded in accordance with the Leases.

(d) Post-Closing Adjustments for Real Estate Taxes. Notwithstanding anything to the contrary contained in this Paragraph, (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 Buyer shall promptly adjust the proration of such real property taxes and assessments after the determination of such amounts, and Seller shall pay to Buyer 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 Buyer any portion of such increase that is payable by Tenants; 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 Buyer shall promptly adjust the proration of such real property taxes and assessments after the determination of such amounts, and (1) Buyer shall pay to Seller any refund received by Buyer representing such a decrease in the amount of such real property taxes and assessments applicable to any period before

Closing; provided, however, the Buyer shall not be required to pay to Seller any portion of such refund which is payable to Tenants; and (2) 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 Buyer that portion of any such refund that is payable to Tenants. Seller shall have the right to control all tax appeals for all tax periods during which Seller owned the Property. Any refund due to any such appeal shall be applied first to reimburse Seller for the actual cost and expense of the appeal before either party is entitled to its share of such refund. 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.

(e) Other Post-Closing Adjustments. Except as otherwise provided in this Paragraph 11.1, any revenue or expense amount which (i) cannot be ascertained with certainty as of Closing, or (ii) was not accounted for in the agreed upon Preliminary Proration Statement delivered at Closing, shall be the subject of a final proration within ninety (90) days after Closing. If either party becomes aware of any items which require reparation following Closing, such party shall notify the other within such ninety (90) day period. Buyer and Seller will reasonably cooperate with each other in providing access to information and materials required to determine whether any reparations are necessary, and if so, the amount of such reparations. Upon Seller's written request, Buyer hereby agrees to provide copies of all relevant back-up or supporting documentation reasonably required to corroborate the reparations, including, without limitation, copies of invoices, evidence of payment, and final bills.

(f) Certain Delayed Prorations. If any Tenants are required to pay Additional Rents, then, with respect to those Additional Rents for the fiscal year in which the Closing occurs ("Closing Year") which are not finally adjusted until after the preparation of the Preliminary Proration Statement pursuant to this Paragraph, Buyer shall submit to Seller, no later than ninety (90) days after the end of the Closing Year, an unaudited statement for the Property (a "Supplemental Proration Statement") covering any such Additional Rents or any other items which have been finally adjusted between Buyer and the applicable party for the Closing Year, containing a calculation of the prorations of such Additional Rents and such other items, prepared based on the principles set forth in this Paragraph, provided that in making such adjustment, the proration shall be made in proportion to the relative amounts of Additional Rents due Buyer and Seller based on the amounts of the charges incurred by each of them during their respective periods of ownership that are payable by the Tenants as Additional Rents under their respective Leases, and the parties shall exclude any Additional Rents arising from increased real property taxes for the Property to the extent such increase results from Buyer's purchase of the Property. In order to enable Buyer to make any year-end reconciliations of Additional Rents, within ninety (90) days after the Closing, Seller shall deliver to Buyer a final statement of (i) all operating expenses for the Property which are actually paid by Seller and permitted to be passed through to Tenants, as applicable, with respect to the applicable portion of the Closing Year occurring prior to the Closing ("Seller's Closing Year Actual Operating Expenses"), and (ii) all estimated payments of Additional Rents received by Seller with respect to the portion of the Closing Year occurring prior to the Closing. For a period of sixty (60) days following the delivery of such final statement to Buyer, Seller will make available to Buyer for inspection and copying at Buyer's expense, during regular business hours at Seller's office and with reasonable advance notice to Seller, all underlying financial records, work papers and other books and records of Seller pertaining to the preparation of Seller's Closing Year Actual Operating Expenses. If Additional Rents for the fiscal year prior to the Closing Year have not been

finally adjusted between Seller and a Tenant, as applicable, as of the Closing, Seller shall retain all rights and obligations with respect to the adjustment thereof directly with the applicable party following the Closing, subject to the provisions of Paragraph 11.1(b) above. Without limiting the generality of the foregoing, but subject to the provisions of Paragraph 11.1(b) above, Seller shall retain all rights to bill and collect any additional amounts owing with respect to Additional Rents for the fiscal year prior to the Closing Year, and shall remain obligated to pay any refund owing to any party for overpayment of Additional Rents for the fiscal year prior to the Closing Year.

(g) Audit Rights for Supplemental Proration Statements. Buyer will make available to Seller for inspection and copying at Seller's expense, during regular business hours at Buyer's office and with reasonable advance notice to Buyer, all underlying financial records, work papers and other books and records of Buyer pertaining to the preparation of the Supplemental Proration Statement. Seller shall give written notice to Buyer of any 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 Buyer and Seller are unable to resolve any disagreement with respect to any Supplemental Proration Statement within ten (10) business days following receipt by Buyer of the notice referred to above, either party may pursue any remedy available for the resolution of such dispute.

(h) Payments for Adjustments. Any net credit due Seller or Buyer, as the case may be, shall be paid to Seller or Buyer, as the case may be, within seventy-five (75) days after the delivery of the Supplemental Proration Statement to Seller, unless Seller notifies Buyer of a disagreement with respect to such statement as provided in Paragraph 11.1(g) 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 Buyer 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.

(i) Survival. The obligations of Seller and Buyer under Paragraphs 11.1(b), 11.1(d), 11.1(e), 11.1(f), 11.1(g), and 11.1(h) shall survive the Closing.

(j) In the event Seller does not qualify for an exemption from California withholding tax under Section 18662 of the California Revenue and Taxation Code (the "Tax Code") as evidenced by the delivery to Buyer at Closing of the California Exemption Certificate duly executed by Seller, (i) Title Company shall withhold three and one-third percent (3-1/3%) of the Purchase Price on behalf of Buyer at Closing for payment to the California Franchise Tax Board in accordance with the Tax Code, (ii) Buyer shall deliver three (3) duly executed copies of California Form 593 to Title Company at or immediately after Closing, (iii) two (2) copies of California Form 593 shall be delivered by Title Company to Seller, and (iv) on or before the 20th day of the month following the month title to the Property is transferred to Buyer (as evidenced by the recording of the Grant Deed), Title Company shall remit such funds withheld from the Purchase Price, together with one (1) copy of California Form 593 to the California Franchise Tax Board on behalf of Buyer. Buyer and Seller hereby appoint Title Company as a reporting entity under the Tax Code, authorized to withhold and remit the withholding tax contemplated under the Tax Code, together with such other documents required by the Tax Code (including, without limitation, California Form 593), to the California Franchise Tax Board.

11. Closing Procedure. At the Closing, Escrow Holder shall immediately close Escrow in the manner and order provided below.

(a) Recording. Escrow Holder shall cause the Deed to be recorded pursuant to applicable law in the county in which the Property is located and obtain conformed copies thereof for distribution to Buyer and Seller.

(b) Disburse Funds. Escrow Holder shall debit or credit (as provided herein) all Buyer's Costs and Debited Amounts, Seller's Costs and Debited Amounts, prorate matters and withhold funds as provided herein. The Purchase Price, less any applicable debits or credits (which have been confirmed in writing by Seller to Escrow Holder) shall be distributed as instructed in writing signed by Seller.

(c) Documents to Seller. Escrow Holder shall deliver to Seller conformed copies of the Deed, and documents, if any, recorded on behalf of any lender, as duly recorded among the official land records of the County of Orange, and a copy of each other document (or copies thereof) deposited into Escrow by Buyer pursuant hereto.

(d) Documents to Buyer. Escrow Holder shall deliver to Buyer the original FIRPTA Certificate, the original California Exemption Certificate (as applicable), and a conformed copy of each of the Deed as duly recorded among the official land records of the County of Orange, and each other document (or copies thereof) deposited into Escrow by Seller pursuant hereto, including, without limitation, those documents referenced in Paragraph 8.

(e) Title Company. Escrow Holder shall cause the Title Company to issue the Buyer's Title Policy to Buyer.

(f) Closing Statement. Escrow Holder shall forward to both Buyer and Seller a separate accounting of all funds received and disbursed for each party.

(g) Informational Reports. Escrow Holder shall file any information reports required by Internal Revenue Code Section 6045(e), as amended.

(h) Possession. Possession of the Property shall be delivered to Buyer at the Closing.

12. Representations and Warranties

(a) Seller's Representations and Warranties. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Property, Seller makes the following representations and warranties as of the Effective Date and as of the Closing, each of which is material and is being relied upon by Buyer (and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder), and all of which are material inducements to Buyer to enter into this Agreement (and but for which Buyer would not have entered into this Agreement):

(i) Seller's has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated.

(ii) All requisite action (corporate, trust, partnership or otherwise) has been taken by Seller in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

(iii) The individual executing this Agreement and the instruments referenced herein on behalf of Seller has the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.

(iv) Neither the execution or delivery of this Agreement or the documents or instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this Agreement or the documents or instruments referenced herein or therein materially conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, or lease which Seller is a party and that affect the Property.

(v) Seller has made no written or oral commitments to or agreements with any governmental authority or agency (other than with Buyer regarding the improvements, including any parking lot upgrades) materially and adversely affecting the Property, or any part hereof, or any interest therein, which will survive the Closing.

(vi) There are no leases or rental agreements in effect as to the Property within the actual knowledge of Seller other than the Leases.

(vii) Seller has not received written notice of a default of its obligations under any contract, agreement or instrument to which Seller is a party pertaining to the Property.

(viii) There are no mechanics', materialmen's or similar claims or liens presently claimed or which will be claimed against the Property for work performed or commenced for Seller or on Seller's behalf prior to the date of this Agreement.

(ix) Other than the Service Contracts, there are no undisclosed contracts, licenses, commitments, undertakings or other written or oral agreements for services, supplies or materials concerning the use, operation, maintenance, or management of the Property that will be binding upon Buyer or the Property after the Closing.

(x) There are not, as of the Effective Date, nor will there be as of the Closing, any written or oral contractual right to purchase or otherwise enjoy possession of the Property as of the Closing, other than the Leases and this Agreement.

(xi) No person, excepting Seller and tenants under the Leases, has possession or any rights to possession of the Property or portion thereof.

(b) Subsequent Changes to Seller's Representations and Warranties. If, prior to the Closing, Buyer or Seller should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Seller set forth herein incorrect or untrue in any respect (collectively, the "Seller Representation Matter"), then the party who has learned, discovered or become aware of such Representation Matter shall promptly give written notice thereof to the other party and Seller's representations and warranties shall be automatically limited to account for the Representation Matter. Buyer shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Seller if Buyer reasonably disapproves any such change. If Buyer does not elect to terminate this Agreement,

Seller's representation shall be qualified by such Seller Representation Matter and Seller shall have no obligation to Buyer for such Seller Representation Matter.

(c) Survival of Seller's Representations. References to the "knowledge" of Seller shall refer only to the current actual knowledge (not imputed or constructive knowledge) of the Designated Seller Representative and shall not be construed to refer to the knowledge of Seller or any affiliate of Seller or to any other officer, agent, manager, representative or employee of Seller or any affiliate thereof, or to impose or have imposed upon the Designated Seller Representative any duty to investigate the matters to which such knowledge, or the absence thereof, pertains. There shall be no personal liability on the part of the Designated Seller Representative. As used herein, the term "Designated Seller Representative" shall refer to Jennifer Tseng. Seller represents that Jennifer Tseng is the most knowledgeable party directly affiliated with the Seller with respect to the operations of the Property. The representations and warranties of Seller set forth in Paragraph 4(c)(2) and Paragraph 13(a) shall survive Closing for a period of six (6) months (the "Survival Period"). No claim for a breach of any representation or warranty of Seller shall be actionable or payable if the breach in question results from or is based on a condition, state of facts or other matter which was known to Buyer prior to Closing. Seller shall have no liability to Buyer for a breach of any representation or warranty or for breach of any covenant (a) unless the valid claims for all such breaches collectively aggregate more than Fifty Thousand Dollars (\$50,000.00), and (b) unless an action has been commenced by Buyer against Seller with respect to such breach prior to the expiration of the Survival Period. The aggregate liability of Seller for breach of any representation or warranty or any covenant shall not exceed the Cap. Buyer agrees to first seek recovery under any insurance policies or warranties, prior to seeking recovery from Seller, and Seller shall not be liable to Buyer if Buyer's claim is satisfied from such insurance policies or warranties. As used herein, the term "Cap" shall mean the total aggregate amount of Four Hundred Thousand Dollars (\$400,000.00).

(d) Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property, Buyer makes the following representations and warranties as of the date hereof and at and as of the Closing, each of which is material and is being relied upon by Seller (and the truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder), and all of which shall survive Closing:

(i) Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.

(ii) All requisite action has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein; and, by the Closing, all such necessary action will have been taken to authorize the consummation of the transaction contemplated hereby.

(iii) The individuals executing this Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions hereof and thereof.

(iv) Neither the execution and delivery of this Agreement and the documents and instruments referenced herein, nor incurring the obligations set forth herein, nor the consummation of the transaction contemplated herein, nor compliance with the terms of this

Agreement and the documents and instruments referenced herein conflict with or result in the material breach of any terms, conditions or provisions of, or constitute a default under, any bond, note or other evidence of indebtedness or any contract, indenture, mortgage, deed of trust, loan, partnership agreement, lease or other agreement or instrument to which Buyer is a party or by which any of Buyer's properties are bound.

(e) Subsequent Changes to Buyer's Representations and Warranties. If, prior to the Closing, Seller or Buyer should learn, discover or become aware of any existing or new item, fact or circumstance which renders a representation or warranty of Buyer set forth herein incorrect or untrue in any respect (collectively, the "Buyer's Representation Matter"), then the party who has learned, discovered or become aware of such Buyer's Representation Matter shall promptly give written notice thereof to the other party and Buyer's representations and warranties shall be automatically limited to account for the Buyer's Representation Matter. Seller shall have the right to approve or disapprove any such change and to terminate this Agreement by written notice to Buyer if Seller reasonably disapproves any such change. If Seller does not elect to terminate this Agreement, Buyer's representation shall be qualified by such Buyer's Representation Matter and Buyer shall have no obligation to Seller for such Buyer's Representation Matter.

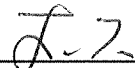
13. "As-Is" Condition; Release of Seller. SUBJECT TO SELLER'S WARRANTIES IN PARAGRAPH 4(C)(2) AND PARAGRAPH 13(A), BUYER AGREES THAT THE PROPERTY IS PURCHASED BY BUYER ON AN "AS IS" BASIS WITHOUT WARRANTIES, REPRESENTATIONS OR GUARANTEES, EXPRESS OR IMPLIED. BUYER ACKNOWLEDGES THAT IT HAS FAMILIARIZED (OR WILL FAMILIARIZE) ITSELF WITH ALL ASPECTS OF THE PROPERTY, INCLUDING ALL IMPROVEMENTS ON THE PROPERTY AND THE USES PERMITTED BY THE APPLICABLE GOVERNING AGENCIES. SUBJECT TO ANY COVENANTS OF SELLER UNDER THIS AGREEMENT WHICH EXPRESSLY SURVIVE THE CLOSING, EFFECTIVE AS OF THE CLOSING, BUYER HEREBY WAIVES, RELEASES AND DISCHARGES THE SELLER PARTIES FROM ANY AND ALL SUITS, CAUSES OF ACTION, LEGAL OR ADMINISTRATIVE PROCEEDINGS, LIABILITIES, CLAIMS, DAMAGES, LOSSES, COSTS AND EXPENSES OF WHATEVER KIND, KNOWN OR UNKNOWN, WHICH BUYER HAD, HAS OR MAY HAVE, ARISING OUT OF, DIRECTLY OR INDIRECTLY, OR IN ANY WAY CONNECTED WITH THE PROPERTY OR ANY OTHER MATTERS RELATING TO THE PROPERTY (COLLECTIVELY, "**RELEASED CLAIMS**"), INCLUDING, WITHOUT LIMITATION: (A) ANY CONDITION OF ENVIRONMENTAL CONTAMINATION OR POLLUTION AT THE PROPERTY, HOWEVER AND WHENEVER OCCURRING; (B) THE VIOLATION OF, OR NON-COMPLIANCE WITH, ANY APPLICABLE LAW NOW OR HEREAFTER IN EFFECT, HOWEVER OR WHENEVER OCCURRING; (C) THE CONDITION OF THE SOILS OR THE IMPROVEMENTS, INCLUDING, WITHOUT LIMITATION, ANY DEFECTS IN THE DESIGN OR CONSTRUCTION OF ANY IMPROVEMENTS; AND (D) ANY MATTERS BASED ON SELLER'S ALLEGED SUPERIOR KNOWLEDGE OR FAILURE TO DISCLOSE. IN ADDITION, BUYER HEREBY WAIVES, RELEASES AND DISCHARGES THE SELLER PARTIES FROM ANY AND ALL PUNITIVE, CONSEQUENTIAL, INDIRECT OR OTHER SPECIAL DAMAGES. BUYER REPRESENTS, WARRANTS AND AGREES THAT: (1) IT UNDERSTANDS THAT IT IS RELEASING POTENTIALLY UNKNOWN CLAIMS; (2) SUCH RELEASES ARE FAIRLY AND KNOWINGLY MADE; (3) IT IS AWARE THAT IT HAS LIMITED KNOWLEDGE WITH RESPECT TO CERTAIN OF THE RELEASED CLAIMS; AND (4) IT SPECIFICALLY ALLOCATES THE RISK OF MISTAKE BY ANY PARTY IN INTERESTED INTO THIS AGREEMENT TO THE PARTY OR PARTIES WHO LATER

CLAIMS IT WAS MISTAKEN. BUYER FURTHER REPRESENTS AND WARRANTS TO SELLER THAT BUYER IS AN EXPERIENCED, SOPHISTICATED BUYER OF COMMERCIAL REAL ESTATE, WITH KNOWLEDGE AND EXPERIENCE SUFFICIENT TO ENABLE BUYER TO EVALUATE THE MERITS AND RISKS OF THE SALE, THAT BUYER IS REPRESENTED BY KNOWLEDGEABLE AND EXPERIENCED LEGAL COUNSEL OF BUYER'S OWN CHOOSING, AND THAT NEITHER SELLER NOR ITS AGENTS OR REPRESENTATIVES HAS MADE AND THAT BUYER HAS NOT RELIED UPON ANY REPRESENTATION OR WARRANTY OF ANY KIND THAT IS NOT EXPRESSLY SET FORTH IN THIS AGREEMENT. THE PROVISIONS OF THIS PARAGRAPH 14 SHALL SURVIVE THE CLOSING. THE FOREGOING RELEASE INCLUDES CLAIMS OF WHICH BUYER IS PRESENTLY UNAWARE OR WHICH BUYER DOES NOT PRESENTLY SUSPECT TO EXIST WHICH, IF KNOWN BY BUYER, WOULD MATERIALLY AFFECT BUYER'S RELEASE OF THE SELLER. IN CONNECTION WITH THIS RELEASE, BUYER SPECIFICALLY WAIVES THE PROVISION OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR EXPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN TO HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

This release by Buyer shall constitute a complete defense to any claim, cause of action, defense, contract, liability, indebtedness or obligation released pursuant to this release. Nothing in this release shall be construed as (or shall be admissible in any legal action or proceeding as) an admission by Seller or any other released party that any defense, indebtedness, obligation, liability, claim or cause of action exists which is within the scope of those hereby released.

Buyer's Initials



Seller's Initials

14. General Provisions.

(a) Condemnation and Casualty. If any Material portion of the Property shall be (a) damaged or (b) taken or appropriated by a public or quasi-public authority exercising the power of eminent domain, Buyer shall have the right, at its option, to (i) terminate this Agreement or (ii) proceed with the purchase of the Property and Seller shall assign to Buyer all of Seller's right in and to any claims or all of the award or payment made in connection with such taking or casualty event. For purposes of this Paragraph 15(a), a "Material" portion of the Property refers to the following: (a) loss or damage to the Property hereof such that the cost of repairing or restoring the Property to substantially the same condition which existed prior to the event of damage would be, in the opinion of an architect selected by Seller and reasonably approved by Buyer, equal to or greater than One Million Dollars (\$1,000,000.00), and (b) any loss due to a condemnation which permanently and materially impairs the current use of the Property. In the event of loss or damage to, or condemnation of, the Property or any portion thereof which is not "Material" (as hereinafter defined), this Agreement shall remain in full force and effect.

(b) Notices. All notices, demands, requests or other communications required or permitted hereunder (collectively, "Notices") shall be in writing, shall be addressed to the receiving party as provided in the Basic Terms paragraph above, and shall be personally delivered, sent by overnight mail (Federal Express or another carrier that provides receipts for all deliveries), sent by certified mail, postage prepaid, return receipt requested, or sent by e-mail. All Notices shall be effective upon receipt at the appropriate address. Notice of change of address shall be given by written notice in the manner detailed in this Paragraph. Rejection or other refusal to accept or the inability to deliver because of changed address of which no Notice in accordance with this Paragraph was given shall be deemed to constitute receipt of such Notice. The providing of copies of Notices to the parties' respective counsels is for information only, is not required for valid Notice and does not alone constitute Notice hereunder.

(c) Brokers Commission. Seller shall be responsible for a brokerage commission to Seller's and Buyer's brokers in the event a transaction is consummated. Buyer and Seller acknowledge that with respect to this transaction, CBRE, Inc. represents only Seller and John Yonai from Tierra West Advisors, Inc. represents only Buyer. On the close of Escrow through Escrow, Seller shall pay a brokerage commission per separate agreement to CBRE, Inc. and a brokerage commission of 2.0% to Tierra West Advisors, Inc.

(d) Waiver, Consent and Remedies. Each provision of this Agreement to be performed by Buyer and Seller shall be deemed both a covenant and a condition and shall be a material consideration for Seller's and Buyer's performance hereunder, as appropriate, and any breach thereof by Buyer or Seller shall be deemed a material default hereunder. Either party may specifically and expressly waive in writing any portion of this Agreement or any breach thereof, but no such waiver shall constitute a further or continuing waiver of a preceding or succeeding breach of the same or any other provision. A waiving party may at any time thereafter require further compliance by the other party with any breach or provision so waived. The consent by one party to any act by the other for which such consent was required shall not be deemed to imply consent or waiver of the necessity of obtaining such consent for the same or any similar acts in the future. No waiver or consent shall be implied from silence or any failure of a party to act, except as otherwise specified in this Agreement.

(e) Cooperation. Buyer and Seller agree to execute such instruments and documents and to diligently undertake such actions as may be required in order to consummate the purchase and sale herein contemplated and shall use all reasonable efforts to accomplish the Closing in accordance with the provisions hereof and, following Closing.

(f) Remedies.

(ii) Seller's Liquidated Damages if Buyer Defaults. BUYER AND SELLER AGREE THAT FOLLOWING A DEFAULT BY BUYER UNDER THIS AGREEMENT, IT WOULD BE IMPRACTICAL OR EXTREMELY DIFFICULT TO FIX SELLER'S ACTUAL DAMAGES FOR, AMONG OTHER ITEMS, TAKING OR HAVING THE PROPERTY OFF THE MARKET, AND BUYER AND SELLER AGREE THAT THE AMOUNT OF THE DEPOSIT IS A REASONABLE ESTIMATE OF SELLER'S DAMAGES RESULTING FROM BUYER'S DEFAULT. IN ADDITION, BUYER DESIRES TO LIMIT THE AMOUNT OF DAMAGES FOR WHICH BUYER MIGHT BE LIABLE SHOULD BUYER BREACH THIS AGREEMENT, AND SELLER DESIRES TO AVOID THE COSTS AND LENGTHY DELAYS THAT WOULD RESULT IF SELLER WERE REQUIRED TO FILE A LAWSUIT TO COLLECT ITS DAMAGES

FOR A BREACH OF THIS AGREEMENT. THEREFORE, IF THE CLOSE OF ESCROW FAILS TO OCCUR DUE TO THE DEFAULT OF BUYER, THEN UPON THE WRITTEN DEMAND OF SELLER THIS AGREEMENT AND THE ESCROW SHALL BE TERMINATED AND CANCELLED. IN SUCH EVENT, (A) ESCROW AGENT SHALL RETURN ALL DOCUMENTS AND INSTRUMENTS TO THE PARTIES WHO DEPOSITED SAME, (B) ALL TITLE AND ESCROW CANCELLATION CHARGES SHALL BE CHARGED TO BUYER, AND (C) ESCROW AGENT SHALL PROMPTLY RELEASE THE DEPOSIT TO SELLER, WITHOUT THE REQUIREMENT OF NOTICE OR CONSENT FROM BUYER, AS LIQUIDATED DAMAGES FOR BUYER'S FAILURE TO COMPLETE THE PURCHASE OF THE PROPERTY. SELLER'S SOLE AND EXCLUSIVE REMEDY IN THE EVENT OF BUYER'S DEFAULT SHALL BE LIMITED TO THE RECEIPT OF THE DEPOSIT, AND SELLER HEREBY WAIVES ALL OTHER CLAIMS FOR DAMAGES OR RELIEF AT LAW OR IN EQUITY (INCLUDING, WITHOUT LIMITATION, ANY RIGHTS TO SPECIFIC PERFORMANCE THAT SELLER MAY HAVE); PROVIDED, HOWEVER, THAT THIS LIQUIDATED DAMAGES PROVISION SHALL NOT LIMIT SELLER'S RIGHT TO RETAIN THE INDEPENDENT CONSIDERATION AND/OR RECEIVE REIMBURSEMENT FOR OR RECOVER DAMAGES IN CONNECTION WITH BUYER'S INDEMNITY OF SELLER. THE PARTIES ACKNOWLEDGE THAT THE PAYMENT OF SUCH LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. THIS PARAGRAPH SHALL SURVIVE THE CLOSING OR THE EARLIER TERMINATION OF THIS AGREEMENT.

(iii)

(iv)

 R. Z.
Seller's Initials

Buyer's Initials

(i) Default by Seller. In the event the sale of the Property as contemplated hereunder is not consummated due to Seller's default hereunder after Buyer delivers the Approval Notice on or prior to the expiration of the Due Diligence Period, Buyer shall be entitled, as its sole remedy, either (a) to a return of the Deposit, and shall operate to terminate this Agreement and release Seller from any and all liability hereunder, or (b) to enforce specific performance of Seller's obligation to convey the Property to Buyer in accordance with the terms of this Agreement, it being understood and agreed that the remedy of specific performance shall not be available to enforce any other obligation of Seller hereunder. Buyer expressly waives its rights to seek damages in the event of Seller's default hereunder. If the sale of the Property is not consummated due to Seller's default hereunder, Buyer shall be deemed to have elected to terminate this Agreement and receive back the Deposit, if Buyer fails to file suit for specific performance against Seller in a court having jurisdiction in the county and state in which the Property is located, on or before thirty (30) days following the date upon which Closing was to have occurred.

(ii) The entirety of this Paragraph 15(f) shall survive the Closing or the earlier termination of this Agreement.

(g) Time. Time is of the essence of every provision herein contained. In the computation of any period of time provided for in this Agreement or by law, the day of the act or event from which said period of time runs shall be excluded, and the last day of such period shall be

included, unless it is a Saturday, Sunday, or legal holiday, in which case the period shall be deemed to run until 5:00 p.m. California time of the next day that is not a Saturday, Sunday, or legal holiday. Except as otherwise expressly provided herein, all time periods expiring on a specified date or period herein shall be deemed to expire at 5:00 p.m. California time on such specified date or period. As used in this Agreement, "business day" shall mean any day of the week other than Saturday, Sunday, or a day on which banking institutions in the city in which the Property is located are obligated or authorized by law or executive action to be closed to the transaction of normal banking business.

(h) Extensions at Sole Discretion of Seller. In the event Buyer requests that Seller extend the time for sale of the Property, such request may be granted, conditionally granted or denied at the sole and absolute discretion of Seller.

(i) Counterparts; Facsimile Signatures. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument. A facsimile signature shall be deemed an original signature.

(j) Authority of City Manager. City Manager is authorized to act on behalf of City under this Agreement, including without limitation with respect to the execution of a deed, escrow instructions, documents requested by the Escrow Holder, or such other instruments as are necessary or convenient for the implementation of this Agreement.

(k) Captions. Any captions to, or headings of, the paragraphs or subparagraphs of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

(l) No Third-Party Beneficiaries. The execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties to this Agreement to, any person or entity other than the parties hereto.

(m) Amendment to this Agreement. The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

(n) Waiver. The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

(o) Applicable Law. This Agreement shall be governed by and construed in accordance with the local law of the State of California.

(p) Exhibits and Schedules. The exhibits and schedules attached hereto are incorporated herein by this reference for all purposes.

(q) Entire Agreement. This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between, and the final expression of, Buyer and Seller with respect to the subject matter hereof. The parties hereto expressly agree and confirm that this Agreement is executed without reliance on any oral or

written statements, representations or promises of any kind which are not expressly contained in this Agreement. No subsequent agreement, representation or promise made by either party hereto, or by or to an employee, officer, agent or representative of either party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

(r) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the permitted successors and assigns of the parties hereto.

(s) Assignment. Neither party may assign its rights under this Agreement without the prior consent of the other party.

(t) Attorneys' Fees. If any legal action is instituted between or among Seller, Buyer and/or Escrow Holder in connection with this Agreement, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses, including court costs and reasonable attorneys' fees. Buyer and Seller shall each bear their own attorneys' fees for the preparation and negotiation of this Agreement. The provisions of this Paragraph 15(t) shall survive Closing or any termination of this Agreement.

(u) Return of Documents. If this Agreement is terminated, Buyer shall promptly return to Seller any written information obtained from Seller in connection with this Agreement or the transaction contemplated herein.

(v) Paragraph Headings. The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or meaning of the various and several paragraphs hereof.

[signatures begin on the following page]

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

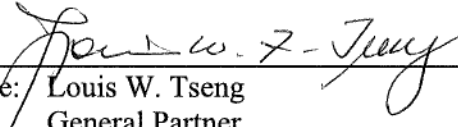
“BUYER”

CITY OF GARDEN GROVE, a municipal corporation

By: _____
Name: Lisa L. Kim
Its: City Manager

“SELLER”

LT PROPERTIES COMPANY, A CALIFORNIA LIMITED PARTNERSHIP,

By:  _____
Name: Louis W. Tseng
Its: General Partner

Approved as to form:


City Attorney