

PURCHASE AND SALE AGREEMENT
(3750 University Avenue)

This Purchase and Sale Agreement (“Agreement”) is entered into this 5th day of June, 2015 (“Effective Date”), by and between **THE CITY OF RIVERSIDE**, a California charter city and municipal corporation (“Buyer”) and **NNN MISSION SQUARE LLC, NNN Mission Square 2, LLC, NNN Mission Square 3, LLC, NNN Mission Square 4, LLC, NNN Mission Square 6, LLC, NNN Mission Square 7, LLC, NNN Mission Square 8, LLC, NNN Mission Square 9, LLC, NNN Mission Square 10, LLC, NNN Mission Square 11, LLC, NNN Mission Square 12, LLC, NNN Mission Square 13, LLC, NNN Mission Square 14, LLC, NNN Mission Square 15, LLC, NNN Mission Square 17, LLC, NNN Mission Square 18, LLC, NNN Mission Square 19, LLC, NNN Mission Square 20, LLC, NNN Mission Square 22, LLC, NNN Mission Square 23, LLC, NNN Mission Square 24, LLC, NNN Mission Square 25, LLC, NNN Mission Square 26, LLC, NNN Mission Square 27, LLC, NNN Mission Square 28, LLC, NNN Mission Square 31, LLC, NNN Mission Square 32, LLC, NNN Mission Square 33, LLC, NNN Mission Square 34, LLC, NNN Mission Square 35, LLC, NNN Mission Square 36, LLC, NNN Mission Square 37, LLC, NNN Mission Square 38, LLC, NNN Mission Square 39, LLC, and NNN Mission Square 40, LLC**, each a Delaware limited liability company (“Seller”). In consideration of the mutual covenants and agreements, the parties agree to the following terms and conditions:

ARTICLE I
AGREEMENT OF SALE

1.1 **Buyer's Status.** Buyer is a public entity with the power to acquire real and personal property for public uses and purposes. Buyer is engaged in property acquisition that shall be deemed to be for a public use and project for purposes of this Agreement.

1.2 **Property.** Seller owns certain real property located at 3750 University Avenue, Riverside, California, consisting of approximately 127,533 square feet of rentable office space located on approximately 2.49 acres of land including the adjacent parking garage, bearing Assessor Parcel Nos. 215-371-001, 215-371-002, 215-371-003, and 215-371-004 (“Property”), more particularly described in the legal description and on the plat map attached hereto and marked as Exhibit “A” and incorporated herein by reference.

1.3 **Agreement of Purchase and Sale.** Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, upon the terms and for the considerations set forth in this Agreement, the fee interest in the Property.

1.4 **Incomplete Legal Description.** If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of First American Title Company (“Title Company”) to issue a title policy hereinafter described.

1.5 **Other Grants.** It is agreed that Seller, or its successors in interest, will not grant an interest in the Property, or any part thereof, including, but not limited to, a fee simple

interest, easements, or any other conveyances and/or construct improvements or make changes upon or to the Property during the period between the Effective Date and the Close of Escrow, as such term is defined below or the earlier termination of this Agreement, except that Seller may enter into or modify leases of the Property and make improvements in the ordinary course of business, subject to prior approval by Buyer.

1.6 **Possession.** Subject to the Permitted Exceptions (as defined below), Seller agrees that the Property will be available to Buyer upon the Close of Escrow, unless specifically provided otherwise, or, if applicable, the date specified in any order for possession heretofore ordered by a court in any pending eminent domain action as to the Property being acquired herein.

1.7 **Due Diligence.** Buyer shall have a one hundred twenty (120) day Due Diligence period commencing upon the Effective Date or until August 1, 2015, whichever comes first. In no event shall the Due Diligence period be extended beyond August 1, 2015. Buyer acknowledges that Seller has provided and/or made available to Buyer all due-diligence materials in Seller's possession, including financial documents providing the last three (3) years of income and operating expense statements, leases and contracts, tenant delinquency reports, and excluding any internally produced documents, information relating to the potential sale of the Property to other parties, or any other confidential, proprietary or privileged information. All documents provided and/or made available to Buyer are provided as an accommodation only, and Seller makes no representations or warranties regarding any such documents, including the accuracy or completeness thereof, and Buyer will perform its own review and analysis of any such documents. Buyer shall have the right to ask for additional documents from Seller to the extent in Seller's possession (and subject to the limits above) if the documents provided do not sufficiently contain the information sought by Buyer. The Due Diligence and closing of this transaction is contingent upon, but not limited, to the following:

(a) Review, analysis, and approval of current preliminary title report and all supporting documentation (provided by Seller through Title Company). If any title disapprovals cannot be cured to Buyer's satisfaction, Buyer may elect to waive the remaining disapprovals or cancel escrow as herein provided. If Buyer does not elect to cancel escrow and terminate this Agreement within thirty (30) days after the Effective Date, then Buyer shall be deemed to have approved the preliminary title report and all supporting documentation. Any exceptions approved or deemed to be approved by Buyer, including all rights of possession of any existing tenants, shall be "Permitted Exceptions." If Buyer timely disapproves of any exception shown in the preliminary title report, Seller may, but shall not be obligated to, elect to attempt to remove or otherwise cure such disapproved exceptions on or before the Close of Escrow. Notwithstanding the above, Seller must remove any and all monetary liens that are specific to or are caused by Seller, unless Seller elects to contest any such liens in good faith, in which case Seller will use commercially reasonable efforts to obtain an endorsement from the Title Company.

(b) Evaluation and approval of physical inspections by Buyer or Buyer's agents. Subject to Article IV, physical inspections shall include the right to conduct such non-invasive soil tests, structural review, engineering studies and feasibility and other studies regarding the condition of the Property, as Buyer considers prudent, at a time mutually convenient and upon reasonable notice to Seller. Seller will have the opportunity to be present during any

entry upon the Property by Buyer or Buyer's agents. Any entry upon the Property by Buyer or its agents will be subject to the terms of any leases of the Property and the provisions of this Agreement. Buyer shall not unreasonably interfere with the rights of tenants under any leases or disrupt the ordinary course of business of Seller or such tenants at the Property.

(c) Subject to Article IV, Buyer shall have a right to conduct an environmental audit and such other environmental studies regarding the environmental condition of the Property as the Buyer determines is prudent. Should Buyer elect to proceed with any invasive testing to the property, Buyer shall notify Seller who shall approve the testing in writing within ten (10) business days. Said approval may be withheld in Seller's sole and absolute discretion. Buyer will provide Seller with copies of any completed environmental or other studies, if requested by Seller, at no cost to Seller.

(d) Buyer shall have the right to review and approve all zoning, subdivision, land use and other governmental regulations, laws, permits and approvals that apply to the use of the Property.

(e) Buyer shall have the right to review all leases and, subject to the conditions below, interview all tenants in the Property. Seller shall use reasonable efforts to obtain and to make available to Buyer signed lease estoppel statements from all tenants, except the City of Riverside, no later than sixty (60) days from the opening of escrow. If, for any reason, Seller is unable to obtain such lease estoppel statements, Buyer may elect to (a) forego such lease estoppel statements and proceed in accordance with this Agreement or (b) terminate this Agreement as provided in Section 1.7(h).

(f) Buyer shall perform an independent appraisal of the Property confirming the value of the Property.

(g) Buyer will not meet with any tenant or its representatives or disclose to any such parties that this Agreement exists or that Seller and Buyer are considering the sale of the Property without Seller's prior written consent. Seller reserves the right to have a representative of Seller present during any such meetings. Buyer agrees it will not disclose any confidential or proprietary information under a Public Records Act request.

(h) Prior to expiration of the Due Diligence Period, Buyer shall either deliver to Escrow Agent and Seller (a) an unconditional notice of approval ("Notice of Approval") or (b) written notice of disapproval and Buyer's election to terminate this Agreement and cancel Escrow. The failure of Buyer to deliver Notice of Approval or notice of disapproval prior to the expiration of the Due Diligence Period will be deemed to be Buyer's approval of its investigations during such Due Diligence Period. If Buyer timely delivers a written notice of disapproval, then the Deposit will be returned to Buyer and the parties will have no further rights or obligations under this Agreement other than those that survive termination of this Agreement.

1.8 Like Kind Exchange. Buyer shall cooperate with Seller's Individual Tenant in Common ("TIC") 1031 like kind exchanges at no additional cost or delay to Seller or Buyer. If the exchangor so elects, then (i) the exchangor may delegate its obligations and assign its

rights under this Agreement to a deferred exchange intermediary (an “Intermediary”); (ii) Intermediary shall have no liability to the other party, notwithstanding such delegation and assignment; and (iii) the Closing of the transfer of the Property shall be undertaken by direct deed from Seller to Buyer.

ARTICLE II PURCHASE PRICE, TITLE AND ESCROW

2.1 **Purchase Price.** Buyer shall pay to the Seller the sum of Thirty Seven Million Nine Hundred Fifty Thousand Dollars (\$37,950,000.00) (“Purchase Price”). The Purchase Price shall represent full and complete compensation pursuant to the rights and interests being acquired herein by Buyer, including, without limitation, real property, fixtures and equipment, loss of business goodwill, relocation assistance and such other compensation, damages and benefits as may be permitted by law. The Purchase Price shall be payable to Seller upon the Close of Escrow in immediately available funds in accordance with the provisions and requirements of this Agreement.

2.2 **Earnest Money Deposit.** Seven Hundred Fifty Thousand and no/100 (\$750,000.00) (“Deposit”) shall be deposited with Escrow Holder (as defined below) within thirty (30) business days of the execution of the Agreement in an interest bearing account held at First American Title Company. The Deposit shall be fully refundable during the Due Diligence period. Upon expiration of the Due Diligence period: (1) the Deposit shall be applicable to the Purchase Price at closing, (2) should Seller be in default for not closing, the Deposit shall be returned to Buyer and (3) should Buyer be in default for not closing, Seller shall be entitled to keep the Deposit as liquidated damages as its sole remedy. The Deposit will continue to be held in escrow until closing. If Buyer approves of its investigations during the Due Diligence Period, the Deposit shall be nonrefundable to Buyer unless the Close of Escrow does not occur due to Seller’s default or as otherwise expressly provided in this Agreement. Notwithstanding anything to the contrary contained in this Agreement, a portion of the Deposit in the amount of \$100.00 will be immediately released to Seller as independent consideration and shall be nonrefundable in all circumstances (“Independent Consideration”).

2.3 **Escrow.** Upon execution of this Agreement by the parties, Buyer shall open an escrow (“Escrow”) with First American Title Insurance Company (Erin Graeber Bougie, National Accounts Representative, and Janine Hudson, Escrow Officer) (“Escrow Holder”) for the purpose of consummating this Agreement. The parties hereto shall execute and deliver to Escrow Holder such escrow instructions (“Escrow Instructions”) prepared by Escrow Holder as may be required to complete this transaction and as otherwise mutually acceptable to the parties. The Escrow Instructions shall not conflict with, amend, or supersede any provision of this Agreement. If there is any inconsistency between the Escrow Instructions and this Agreement, this Agreement shall control.

2.4 **Escrow Trust Accounts.** All funds received in the Escrow shall be deposited in an escrow trust account specifically opened for this transaction, and all disbursements shall be made by check or, at the option of Buyer or Seller, wire transfer of Escrow Holder from such account. Escrow Holder shall deposit all of Buyer’s money into an interest bearing account

with all interest accruing to Buyer until the Close of Escrow. At the option of Buyer, said interest may be used toward the Purchase Price.

2.5 Conduct of Escrow. Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, the Escrow Instructions, and applicable law, including any reporting requirements of the State of California and the Internal Revenue Service.

2.6 Condition of Title. Within ten (10) days of the Effective Date, Seller shall provide Buyer with a preliminary title report for the Property prepared by Title Company. Seller shall convey title to the Property to Buyer as evidenced by a CLTA Form Policy or Binder of Title Insurance ("Title Policy") in an amount equal to the Purchase Price. The Title Policy shall show title to the Property vested in the Buyer free and clear of all liens, encumbrances, assessment, and taxes except for the Permitted Exceptions. Any exceptions to title representing deeds of trust or other voluntary monetary liens entered into by Seller (other than non-delinquent real property taxes and assessments) are hereby disapproved by Buyer and Escrow Holder is hereby authorized and instructed to cause the reconveyance of any such monetary exceptions at or prior to the Close of Escrow. If a supplemental report is issued prior to the Close of Escrow which shows new matters that materially and adversely affect the Property, Buyer shall have ten (10) days after receipt of such supplemental report to approve or reasonably disapprove any such new matter provided that such new matters were not caused by Buyer or the Buyer Parties (as defined below). If Buyer so disapproves any such new matters, Seller shall be obligated to attempt to remove or otherwise cure such new matters on or before the Close of Escrow that are specific to or are caused by Seller, unless Seller elects to contest any such liens in good faith, in which case Seller will use commercially reasonable efforts to obtain an appropriate endorsement from the Title Company.

2.7 Reports, Studies and Agreements. Within thirty (30) calendar days of the Effective Date, subject to the terms and conditions of Section 1.7, Seller will provide Buyer with copies of any reports, studies, maps or agreements affecting the Property, including but not limited to geotechnical and soils reports, surveys, environmental reports, as-built drawings, building floor plans, flood hazard or earthquake seismic studies and other reports, studies, maps or agreements affecting the Property, to the extent Seller has any such copies.

ARTICLE III CLOSING

3.1 Closing. Subject to the satisfaction of any contingencies described in Sections 1.7, 3.3, 4.2, 7.1 and 8.1, Escrow Holder shall close this Escrow by recording the deed(s) and other documents required to be recorded and by disbursing the funds and documents in accordance with this Agreement and the Escrow Instructions.

3.2 Closing Date. Escrow shall close ("Close of Escrow") on October 12, 2015 ("Closing Date"). The balance of funds needed for closing will be wire transferred by Buyer to Escrow Holder two (2) business days prior to Closing Date. If the Escrow is not in a condition to close by the Closing Date, any party who is not then in default, upon notice in writing to the Escrow Holder and the other party, may demand the return of their documents and/or money and

cancellation of the Escrow. Unless objected to in writing within ten (10) days from the receipt of the notice of cancellation, the Escrow will automatically be canceled. If no demand for cancellation is made, then Escrow will close as soon as possible.

3.3 Closing Documents.

3.3.1 Seller, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Buyer of its obligations under this Agreement:

(a) a grant deed sufficient for recording, conveying the Property subject only to Permitted Exceptions and any matters that may be disclosed and accepted by Buyer during the Due Diligence Period;

(b) the Assignment of Leases in the form of Exhibit "C.";

(c) all additional documents, instruments which may be reasonably necessary for the Close of Escrow and to consummate the sale of the Property in accordance with the terms of this Agreement; and

(d) all sums that Seller is required under this Agreement or the Escrow Instructions to deliver to Escrow Holder.

3.3.2 Buyer, prior to the Close of Escrow, shall deliver to Escrow Holder each of the following items, the delivery of each of which shall be a condition to the performance by Seller of its obligations under this Agreement:

(a) the Purchase Price to be paid to Seller and other cash charges provided for in this Agreement and the Escrow Instructions;

(b) the Assignment of Leases in the form of Exhibit "C."; and

(c) all additional documents and instruments which may be reasonably necessary for the Close of Escrow and to consummate the sale of the Property in accordance with the terms of this Agreement.

Since Buyer is a public entity, Buyer must deliver to Escrow Holder and Escrow Holder must attach to any deed a certificate of acceptance executed by Buyer or its authorized employees, officers or agents prior to the recording of any deed.

3.4 **Mortgages and Deeds of Trust.** At Closing, Escrow Holder shall pay any mortgage, deed of trust, or other security instrument that Seller is required to remove and that have not been accepted by Buyer. Escrow Holder shall notify the Title Company of such payments and secure and cause any necessary full or partial conveyances to be prepared, signed and recorded as required by the Title Company to eliminate any such encumbrances or exceptions from the Title Policy issued pursuant to this Agreement.

3.5 **Taxes.** Escrow Holder is authorized and instructed to comply with the following tax proration procedures:

3.5.1 Payment of Unpaid Taxes: Pay and charge Seller for any unpaid delinquent taxes and/or any penalties and interest thereon, and for any delinquent assessments or bonds against the Property.

3.5.2 Tax Proration: For purposes of tax proration, Escrow Holder will apportion all current taxes at “the date of apportionment” for public agency acquisitions as defined in California Revenue and Taxation Code Section 5082. The “date of apportionment” is the earliest of the following times:

(a) The date of conveyance to the Buyer or the date a final order of condemnation is recorded.

(b) The date of actual possession by Buyer.

(c) The date upon or after which Buyer may take possession as authorized by an order for possession or by a declaration of taking.

Since possession is being granted pursuant to this Agreement at the Close of Escrow that date will be the “date of apportionment” unless Buyer has heretofore obtained an order for possession in a pending eminent domain action or obtained possession by agreement with Seller in which case the earlier of such dates shall be the date of apportionment.

3.5.3 Ad Valorem Taxes: Seller understands and agrees pursuant to California Revenue and Taxation Code Section 5083 that when property is acquired by Buyer (a public entity) that any lien on the property for ad valorem taxes is extinguished as a matter of law upon the final acquisition of the property and the lien immediately transfers and attaches to the proceeds constituting the purchase price.

3.5.4 No Cancellation of Unpaid Taxes and Penalties: Seller understands and agrees pursuant to California Revenue and Taxation Code Section 5084 that no cancellation shall be made of all or any portion of any unpaid taxes or any penalties or costs levied for prior tax years that constitute a lien at the time of acquisition of the Property. Such unpaid taxes, penalties, and costs shall be paid through Escrow, or if unpaid for any reason, shall be transferred to the unsecured tax roll pursuant to Section 5090 of the California Revenue and Taxation Code and are collectible solely from Seller.

3.5.5 Proration of Current Taxes: From the date that tax information is available, that portion of the current taxes and any penalties and costs that are allocable during Seller’s ownership of the Property up to and including the date of apportionment, if unpaid, shall be paid through Escrow. Notwithstanding anything to the contrary contained herein, if the Close of Escrow occurs after Seller pays any current installment of real property taxes and assessments with respect to the Property, such taxes and assessments shall be prorated as of the Close of Escrow. Seller shall be solely responsible for obtaining any refund of any such taxes and assessments and Buyer agrees to reasonably cooperate with Seller to obtain such refunds. If such

taxes are not paid, Buyer shall not in any event be responsible or liable for such taxes and such taxes shall be transferred to the unsecured roll and be solely collectable from Seller.

3.5.6 Notice to County Tax Collector: Buyer shall be solely responsible for providing notice of this acquisition to the County Tax Collector and to any public entities, whose taxes are not collected by the County Tax Collector but who at this time exercise the right of assessment and taxation pursuant to California Revenue and Taxation Code Section 5091.

3.6 **Title and Escrow Costs.** Seller shall pay all the costs for a CLTA standard form title policy, one-half of the escrow fees, and all recording costs incurred herein, all reasonable and typical reconveyance fees for any full or partial reconveyance or full or partial release of any mortgage or deed of trust that Seller is required to remove. Buyer shall be responsible for one-half the escrow fees, the additional cost for an ALTA owners title policy and associated costs if obtained by Buyer. The parties acknowledge that the conveyance of the Property to Buyer is exempt from the payment of documentary transfer tax.

3.7 **Brokerage Commissions.** The parties acknowledge that Buyer is represented by Savills Studley, Inc. (“Buyer’s Broker”) in connection with this transaction. The parties acknowledge that Seller is represented by Newmark Grubb Knight Frank (“Seller’s Broker”) in connection with this transaction. Buyer’s Broker and Seller’s Broker shall be paid a commission out of Seller’s proceeds pursuant to separate agreements. Seller agrees that should any broker other than Seller’s Broker make a claim for a commission based on the actions of Seller, Seller shall indemnify, defend and hold Buyer harmless from any such claim. Likewise, Buyer agrees that should any broker other than Buyer’s Broker make a claim for a commission based on the actions of Buyer, Buyer shall indemnify, defend and hold Seller harmless from any such claim.

3.8 **Tenant Improvement Credit.** At the Close of Escrow, Buyer shall receive a credit against the Purchase Price for the unused amount as of the Close of Escrow for the tenant improvement credit given to Morgan Stanley under its lease. The current amount of the Morgan Stanley tenant improvement credit is One Hundred Forty One Thousand Two Hundred Forty Dollars (\$141,240). The amount of the credit against the Purchase Price will be reduced to the extent that Morgan Stanley uses or waives any part of the tenant improvement credit prior to the Close of Escrow.

3.9 **Tenant Improvement Holdback.** Under its lease, Gresham Savage Nolan & Tilden is entitled to a tenant improvement allowance equal to Four Hundred Five Thousand Nine Hundred Sixty Dollars (\$405,960) (“GSNT Allowance”). As of the Close of Escrow, Escrow Holder is instructed to holdback from funds payable to Seller an amount equal to the GSNT Allowance less any part of the tenant improvement allowance used or waived by Gresham Savage Nolan & Tilden prior to the Close of Escrow (“Holdback Amount”); provided, however, that if the lease with Gresham Savage Nolan & Tilden terminates or Gresham Savage Nolan & Tilden waives its right to such allowance prior to the Close of Escrow, then this Section 3.9 will not apply. Escrow Holder will deposit the Holdback Amount in an account designated by Seller and any interest accrued thereon will become part of the Holdback Amount. If Buyer pays to contractors of Gresham Savage Nolan & Tilden any part of the tenant improvement allowance for tenant

improvement work in accordance with the Gresham Savage Nolan & Tilden lease, then Escrow Holder will disburse to Buyer from the Holdback Amount an amount equal to the amount of such allowance paid by Buyer. Upon expiration or termination of the lease with Gresham Savage Nolan & Tilden, any remaining Holdback Amount will be paid to Seller. Escrow Holder will release each disbursement as provided above to the requesting party unless the other party delivers written notice of its objection to the requesting party and Escrow Holder within five (5) business days after delivery to Escrow Holder such other party of such disbursement request. Escrow Holder shall incur no liability in making disbursements pursuant to the terms of this Section. Escrow Holder's obligations are limited to making disbursements, and Escrow Holder is not responsible or liable in any manner for events and circumstances occurring after the funds are disbursed by Escrow Holder or for matters beyond the reasonable control of Escrow Holder. Seller will pay all Escrow Holder's fees relating to the Holdback Amount. The parties agree to promptly provide any instructions reasonably requested by Escrow Holder with respect to the Holdback Amount, including the disbursement thereof, so long as such instructions are not inconsistent with this Section.

ARTICLE IV RIGHT OF ENTRY AND DAMAGE TO PROPERTY

4.1 **Right of Entry.** After execution of this Agreement by the parties, and during Escrow, Seller grants to Buyer, its agents, employees or consultants, the right to enter into and upon the Property for the purpose of conducting soil, environmental and engineering studies, and such further engineering, grading, archeological, geological or survey work as may be required for the preparation by Buyer of its development plans for the Property. Buyer shall give Seller reasonable notice of such entry, and shall not unreasonably interfere with any occupant's use of the Property or any of Seller's other operations on the Property. Buyer shall keep the Property free and clear of any liens or encumbrances that may arise out of Buyer's inspection of and activities on the Property. All costs, expenses, liabilities or charges incurred in or related to the performance of any and all of such studies and work on the Property, the preparation by Buyer of any plans or maps for the development or use of the Property, shall be at the sole cost and expense of and shall be paid by Buyer. Buyer hereby agrees to repair any damage done to the Property by Buyer, its agents, employees, servants, nominees or assigns, and Buyer shall restore the Property to the same or similar condition as existed on the date of Buyer first exercised this right of entry, if this transaction is terminated. Buyer shall not have any such obligation if Escrow closes and title to the Property vests in Buyer. The right to enter the Property shall be co-extensive with the period during which Escrow is open, or any extension thereof. Buyer shall comply with, and shall cause all of its employees, agents, contractors and independent contractors (collectively, the "Buyer Parties") to comply with, all laws, ordinances, rules and regulations and instructions of Seller. Buyer will indemnify, protect, defend (with legal counsel reasonably acceptable to Seller) and hold Seller and its affiliates and the past, present and future officers, directors, partners, members, shareholders, employees, attorneys, representative, consultants and agents of Seller and Seller's affiliates (collectively, the "Seller Parties") harmless from any and all claims, actions, causes of action, suits, liens, demands, liabilities, damages, costs, penalties, forfeitures, losses or expenses, including reasonable attorneys' fees and costs (collectively, "Claims") relating to or arising from any entry on the Property by Buyer or the Buyer Parties (including claims of mechanic's, design professional's and other liens and attorneys' fees and costs and costs of

enforcing this indemnity). As a condition to any entry onto the Property by Buyer, Buyer shall maintain insurance coverage naming Seller as an additional insured and shall provide reasonably acceptable certificates of such insurance to Seller. Such insurance may be carried under a reasonable self-insurance program.

4.2 **Material Change, Destruction or Damage.** The closing of this Escrow is contingent upon the fact that no material change shall have occurred with respect to the physical condition of the Property that has not been approved in writing by Buyer. For purposes of this Agreement, a “material change” shall be (i) a change, not caused by action or inaction on the part of Buyer, its agents, employees, servants, nominees, or assigns in the physical condition of the Property (due to any damage or destruction of the improvements) that occurs subsequent to the Effective Date of this Agreement that makes the Property unusable for its intended purpose or (ii) a tenant (other than Buyer) under any existing Lease (as defined below) of the Property terminates its Lease prior to its expiration date or becomes subject to a bankruptcy petition that is not dismissed prior to the Close of Escrow, in either case that occurs subsequent to the Effective Date of this Agreement. In the event there is a material change to the Property after the Effective Date, Buyer shall be required to purchase the Property with a credit against the Purchase Price otherwise due hereunder equal to the amount of any insurance proceeds actually collected by Seller prior to the Close of Escrow as a result of any such material change. Seller agrees to maintain a casualty insurance policy with respect to the Property in full force and effect until the Close of Escrow.

ARTICLE V RENTS, LEASES AND SECURITY DEPOSITS

5.1 **Rent Roll, Estoppel and Assignment of Leases and Operating Expenses.** Seller agrees to prepare a statement of rentals and leases (“Rent Roll”). Seller further agrees to use reasonable efforts to have all of the tenants of the Property (other than the City of Riverside) provide proof of insurance and to execute and return the Lessee’s Estoppel Certificate attached hereto as Exhibit “B” and incorporated herein by reference. Seller hereby agrees to assign all of the existing leases to Buyer, and Buyer hereby agrees to assume all obligations under the existing leases, and each will accomplish the same by executing an Assignment of Leases in substantially the same form attached hereto as Exhibit “C” and incorporated herein by reference, and deposit the same into Escrow. Seller agrees to make available to Buyer for inspection the last three years of income and operating expense statements, the Rent Roll, Income and Expense statements, together with copies of all written leases and rental agreements and proof of tenant insurance, within fifteen (15) calendar days from the Effective Date and Seller shall use reasonable efforts to have the Estoppel Certificates made available to Buyer for inspection within forty five (45) calendar days from the Effective Date. Seller will also provide to Buyer a list of and copies of all vendor contracts and recent property management reports within fifteen (15) calendar days from the Effective Date. The Rent Roll shall be updated not more than five (5) calendar days prior to the Close of Escrow and shall be made available to Buyer for inspection.

5.2 **Rents.** All rents actually paid prior to the Close of Escrow will be pro-rated as of the Close of Escrow on the basis of a thirty (30) day month. No credit shall be given Seller or Buyer for accrued and unpaid rent or any other non-current sums due from tenants until these sums are paid, and Seller shall retain the right to collect any such rent provided Seller does not sue to

evict any tenants or terminate any leases, provided that rent under the lease with Buyer will be prorated between the parties as of the Close of Escrow whether or not collected. Buyer shall cooperate with Seller after the Closing Date to collect any rent under the leases which has accrued as of the Closing Date; provided, however, Buyer shall not be obligated to sue any tenants or exercise any legal remedies under the leases or to incur any expense over and above its own regular collection expenses. All payments collected from tenants after the Closing Date shall first be applied to the month in which the Closing occurs, then to any rent due to Buyer for the period after the Closing Date and finally to any rent due to Seller for the periods prior to Closing Date.

5.3 Rental Warranties. Seller warrants that there are no oral leases on all or any portion of the Property. Seller further warrants that there are no written leases that exceed a period of one month in term that are not set forth in the Rent Roll and Seller further agrees to hold Buyer harmless and reimburse Buyer for any and all of its losses and expenses occasioned by reason of any lease of the Property held by any tenant of Seller for a period exceeding one month in term that is not set forth in the Rent Roll. Seller further warrants, acknowledges and agrees that Seller is solely responsible for the collection of any delinquent or outstanding rents that may be due Seller on and before the Close of Escrow. Buyer warrants, acknowledges and agrees that Buyer will be solely responsible for the collection of all rents due after the Close of Escrow.

5.4 Security Deposits. At the Close of Escrow, all remaining security deposits (including, without limitation, cleaning and key deposits but not to include security deposits of subtenants of Buyer) shall be credited to Buyer, through Escrow, and held in trust for tenants according to the terms of the various leases and rental agreements (oral or written). Seller's account in this Escrow shall be charged for the amount of these deposits. Buyer agrees to hold such deposits for the account of the tenants according to the terms of the leases, rental agreements and oral agreements. Buyer further agrees to hold Seller harmless and indemnify and defend Seller from any claims by tenants as to such deposits transferred to Buyer through Escrow, provided, however, that if Seller fails to credit any security deposit to Buyer, Seller shall remain responsible for such deposit and hold Buyer harmless and indemnify and defend Buyer from any claims of any tenant or other party as to such deposit.

5.5 Operating Expense and Utility Charges. Sanitary sewer taxes, utility charges, and any other operating expenses associated with the operation of the Property, if any, shall be prorated between the parties as of the Close of Escrow. All such prorations shall account for and reflect any payments of such taxes, charges and expenses made, or to be made, directly to the utility company or other payee by tenants under the tenant leases. Seller shall endeavor to obtain final readings for electricity and utility charges for the Property as of the Closing Date.

5.6 Leasing Commissions. Within ten (10) days after the Effective Date, Seller shall deliver to Buyer a list of any outstanding leasing and brokerage commissions for which the landlord under any of the leases ("Leases") to be assigned to Buyer at the Close of Escrow is responsible ("Leasing Commissions"). Seller shall pay at Close of Escrow all the Leasing Commissions owed, provided that if Seller enters into any new lease or any amendment of any existing lease after the Effective Date that is approved by Buyer pursuant to Section 5.7, then the Leasing Commissions applicable thereto will be prorated between the parties as of the Close of

Escrow based on the relative amount of base rent payable under such new lease or amendment before and after the Close of Escrow.

5.7 **Activities Prior to Closing.** Except as otherwise provided herein, until the earlier of the Closing or the termination of this Agreement, without Buyer's prior written consent, which shall not be unreasonably withheld or delayed, Seller shall (a) not make any material physical changes to the Buildings except to the extent such change does not adversely affect the Property or as may be required by any lease or as required by law; (b) continue to manage the Property in substantially the same manner in which it is being managed as of the Effective Date, except that Seller will not be required to make or pay for any capital improvements; (c) not enter into any contracts or agreements that would be binding upon the Property after Closing unless such contracts can be completed prior to the Closing or terminated upon not more than thirty (30) days' notice or Buyer agrees to assume such contract or agreement as of the Closing Date; (d) after the Due Diligence Period, not enter into any binding letter of intent to lease or Lease, nor enter into any material amendment of, nor waive in writing any material right under, any existing Lease, except to the extent the obligations thereof are not binding on Buyer, without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed; and (e) use reasonable efforts in accordance with its past practices to maintain the Property and improvements, including, without limitation, landscaping and grounds, in substantially the same condition as upon the Effective Date of this Agreement, excluding normal wear and tear, damage due to condemnation or casualty or damage caused by Buyer.

ARTICLE VI WAIVER AND RELEASE

6.1 **Acknowledgment of Full Benefits.** By execution of this Agreement, Seller, on behalf of itself and its heirs, executors, administrators, successors and assigns, hereby acknowledges that this Agreement provides full payment for the acquisition of the Property by the Buyer.

6.2 **Acknowledgment of Just Compensation.** This Agreement arose out of Buyer's efforts to acquire the Property through its public entity authority. The parties acknowledge and agree that the consideration paid to Seller shall be deemed the fair market value and total amount of "Just Compensation" for the Property.

6.3 **Waiver and Release.** The parties hereby acknowledge that they have had the opportunity to speak with or have been advised by an attorney and are familiar with the provisions of California Civil Code section 1542, which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

Seller acknowledges that it may have sustained damage, loss, costs or expenses which are presently unknown and unsuspected related to the matters described in Sections 6.1 and 6.2, and

such damage, loss, costs or expenses which may have been sustained, may give rise to additional damage, loss, costs or expenses in the future. Nevertheless, Seller hereby acknowledges that this Agreement has been negotiated and agreed upon in light of that situation, and hereby expressly waives any and all rights which they may have under California Civil Code Section 1542, or under any statute or common law or equitable principal of similar effect with respect to such matters. This waiver shall not supersede any of the provisions of this Agreement or the rights of the parties hereto to enforce this Agreement in law or equity.

6.4 **Waivers.** Seller hereby waives the right to further and greater compensation and to have the adequacy of compensation determined in a court of law or equity, by a judge or a jury. Seller understands and knowingly agrees that this waiver shall extend to constitutional claims of whatever kind or nature that may be brought under the California and United States Constitutions and the federal civil rights statutes including, without limitation, claims arising under 42 U.S.C. Section 1983. Seller hereby further waives the right to raise affirmative defenses and to attack by way of answer, complaint or collaterally, the Buyer's right to acquire the property for public uses and purposes, and to challenge the findings made in any resolution of necessity.

These acknowledgments, waivers and releases shall survive the Close of Escrow.

ARTICLE VII REPRESENTATIONS AND WARRANTIES

7.1 **Seller Representations, Warranties and Covenants.** Seller hereby represents, warrants and covenants to Buyer as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow for a period of twelve (12) months:

7.1.1 Authority: Seller is the owner of the Property and has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder. The person signing this Agreement and any documents and instruments in connection herewith on behalf of Seller has full power and authority to do so.

7.1.2 Bankruptcy: There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by Seller or filed by Seller, or to the best of Seller's knowledge, pending in any current judicial or administrative proceeding against Seller. Further, Seller has no actual notice or actual knowledge that any tenant of the Property is the subject of a bankruptcy proceeding.

7.1.3 Other Agreements: Except for leases and as shown in the title report, Seller has not entered into any other written contracts or agreements for the sale or transfer of any portion of the Property that remain in effect.

7.1.4 Violation of Codes: Seller warrants that Seller has no actual knowledge of any written notice of any existing violations of city, county, state, federal, building,

zoning, fire, health codes or ordinances, or other governmental regulations filed or issued against the Property. Seller further warrants that it has no actual knowledge of (i) any aspect or condition of the Property which violates applicable laws, rules, regulations, codes, or covenants, conditions or restrictions, (ii) improvements or alterations made to the Property without a permit where one was required, or (iii) any unfulfilled written order or directive of any applicable governmental agency, or of any casualty insurance company, that any work, investigation, remediation, repair, maintenance or improvement is required under applicable laws to be performed on the Property.

7.1.5 Possessory Rights: To the actual knowledge of the Seller, no one will, at the Close of Escrow, have any right to possession of the Property superior to the right of the Buyer, except as disclosed by this Agreement, or otherwise in writing to Buyer.

7.1.6 Mechanics' Liens: There are no unsatisfied mechanic's or materialman's lien rights concerning the Property caused by or on behalf of Seller that will not be removed or cured by the Close of Escrow.

7.1.7 Hazardous Substances. Except as disclosed to Buyer, Seller represents and warrants that it does not have actual knowledge of the existence of any Hazardous Substances (as defined below) on the Property in violation of applicable laws. In addition, Seller has no actual knowledge of the existence of any above or below ground storage tank or tanks on the Property (except as disclosed to Buyer).

7.1.8 Actions: To the actual knowledge of the Seller, no actions suits, or proceedings are pending or threatened before any governmental department, commission, board, bureau, agency, court, or instrumentality that would materially and adversely affect the Property or the right to occupy or utilize the Property.

7.1.9 Leases. The Rent Roll (as the same may be updated prior to the Close of Escrow) lists all of the leases in effect as of this date of this Agreement ("Leases"). Seller has provided or made available true, correct and complete copies of all of the Leases to Buyer, including all amendments, and the Leases have not otherwise been modified, supplemented, canceled or amended in any respect except as attached hereto. The Rent Roll shows the outstanding balance of the security deposits held by Seller under the Lease. To Seller's actual knowledge, there are not material defaults under the Leases by Seller or the tenants. To Seller's actual knowledge, none of the tenants under the Leases have no claims, defenses or rights of offset against any rents payable thereunder. This Section 7.1.9 shall not apply to the Lease with the City of Riverside.

7.1.10 Notice of Changes: Seller will promptly notify Buyer in writing of any material change affecting the Property that becomes known to Seller prior to the Close of Escrow. The material truth and accuracy of the foregoing representations and warranties shall be a condition of Buyer's obligations hereunder. At least five (5) calendar days prior to the Close of Escrow, Seller shall notify Buyer of any known facts or circumstances which are contrary to the foregoing representations and warranties. If either party learns of any material inaccuracy in Seller's representations or warranties after the date hereof and prior to the Closing Date, such party shall promptly notify the other party thereof and, notwithstanding anything to the contrary

contained in this Agreement, Buyer's sole and exclusive remedy shall be to elect, on or before the earlier of (a) the Closing Date or (b) five (5) business days after learning of any such material inaccuracy, to either (y) waive such material inaccuracy and any Claim against Seller relating thereto and proceed to consummate the transaction contemplated by this Agreement without reduction in the Purchase Price or (z) terminate this Agreement and receive a refund of the Deposit, in which case the parties will have no further obligations under this Agreement other than those that survive termination. Notwithstanding anything to the contrary set forth in this Agreement, the maximum aggregate liability of Seller, and the maximum aggregate amount that may be awarded to and collected by Buyer (including, without limitation, for any breach of any representation, warranty and/or covenant of Seller) under this Agreement or any documents executed pursuant hereto or in connection herewith (collectively, the "Other Documents") shall, under no circumstances whatsoever, exceed Two Hundred Fifty Thousand Dollars (\$250,000) (the "Cap Amount"). If, prior to the Close of Escrow, Buyer obtains any knowledge that any representation or warranty of Seller is untrue but elects to close Escrow, then Seller shall have no liability whatsoever to Buyer with respect to a such untrue representation warranty and Buyer shall be deemed to have accepted the representation and warranty as modified. As used in this Section, Buyer's knowledge includes any information included in any estoppel certificates and other documents and reports delivered and/or made available by Seller to Buyer and/or generated by or on behalf of Buyer. Seller's actual knowledge means the actual knowledge of Mike Smith, without duty of inquiry or investigation (provided that such person shall not have any liability for any obligations of Seller hereunder).

7.2 Limited Survival. The representations, warranties and covenants of Seller contained in this Agreement shall survive the Close of Escrow only for a period of twelve (12) months after the Close of Escrow. Buyer must commence an action against Seller based upon any alleged breach of the representations, warranties and covenants contained herein not later than twelve (12) months after the Close of Escrow and any Claims relating to or arising from any actual or alleged breach of Seller's representations and warranties will be deemed absolutely waived and barred except to the extent such Claims are included in any such action.

7.3 Buyer's Independent Investigations. Buyer acknowledges that it has made or will make its own independent investigations as deemed necessary or appropriate concerning the ownership, use, condition, development, suitability, construction, occupancy, leasing, operation or management of the Property, including (i) the nature, quality, state of repair or lack of repair or the condition of the Property, including water conditions, soil, geological or geotechnical condition, (ii) the nature, manner or quality of the construction or materials incorporated into the Property, (iii) any patent or latent defects affecting the Property, (iv) present or future laws concerning the use, location or suitability of the Property and the compliance of the Property with such laws, including the Americans with Disabilities Act of 1990 (all as may be amended from time to time), (v) the status of the permits and entitlements and the compliance of the Property with all zoning and occupancy requirements of any federal, state and local agencies, (vi) the economic value of the Property, including any income to be derived from the Property, (vii) the presence or absence of Hazardous Substances on, within and adjacent to the Property, (viii) the location of the Property within any Natural Hazard Areas or the fact that the Property may be located on or near an earthquake fault line, in or near an earthquake or seismic hazard zone or in or near a "wildlands" area or a state fire responsibility area, (ix) the content, completeness or

accuracy of any documents provided by Seller, (x) the adequacy of access to the Property, water, sewage and utilities servicing the Property, and the presence or adequacy of infrastructure near or concerning the Land, (xi) the suitability of the Property for any and all activities and uses which Buyer may conduct thereon, including the habitability, merchantability, marketability, profitability or fitness for a particular purpose of the Property, (xii) the leases and the financial or other status of any tenant, and (xiii) any other matter relating to the Property or to the development, construction, operation, ownership, rental or sale of the Property (collectively "Property Conditions").

7.4 "As-Is" Purchase. EXCEPT FOR THE EXPRESS REPRESENTATIONS AND WARRANTIES OF SELLER SET FORTH IN SECTION 7.1, BUYER IS RELYING SOLELY UPON ITS OWN INSPECTION, INVESTIGATION AND ANALYSES IN ENTERING INTO THIS AGREEMENT AND, IN DOING SO, IS ASSUMING THE RISK OF SUCH PROPERTY CONDITIONS, AND IS NOT RELYING IN ANY WAY UPON ANY REPRESENTATIONS, STATEMENTS, AGREEMENTS, WARRANTIES, STUDIES, REPORTS, DESCRIPTIONS, GUIDELINES OR OTHER INFORMATION REGARDING THE PROPERTY CONDITIONS OR ANY OTHER MATTER OR MATERIAL FURNISHED BY SELLER OR THE SELLER PARTIES, WHETHER ORAL OR WRITTEN, EXPRESS OR IMPLIED, OF ANY NATURE WHATSOEVER. BUYER WILL ACQUIRE THE PROPERTY, IF AT ALL, "AS-IS", IN ITS STATE AND CONDITION AS OF THE CLOSE OF ESCROW, WITHOUT REPRESENTATION BY SELLER OR THE SELLER PARTIES AS TO ANY MATTER AND, EXCEPT AS SPECIFICALLY SET FORTH HEREIN, NEITHER SELLER NOR THE SELLER PARTIES HAS MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, OR GUARANTEES OF ANY KIND OR CHARACTER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE OF, AS TO, COVERING OR WITH RESPECT TO THE PROPERTY, THE PROPERTY CONDITIONS OR ANY OTHER MATTER WHATSOEVER. BUYER HAS NOT RELIED AND WILL NOT RELY ON, AND SELLER IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY OR RELATING THERETO MADE OR FURNISHED BY SELLER, THE MANAGERS OF THE PROPERTY, ANY REAL ESTATE BROKER OR AGENT REPRESENTING OR PURPORTING TO REPRESENT SELLER OR ANY OTHER SELLER PARTY, UNLESS SPECIFICALLY SET FORTH IN THIS AGREEMENT. BUYER ACKNOWLEDGES AND AGREES THAT SELLER IS MAKING ABSOLUTELY NO REPRESENTATION OR WARRANTY WHATSOEVER WITH RESPECT TO ANY STUDIES, REPORTS OR INFORMATION PROVIDED BY SELLER TO BUYER. BUYER ACKNOWLEDGES AND AGREES THAT BUYER WILL VERIFY THE ACCURACY AND DETAILS OF ALL SUCH STUDIES, REPORTS AND INFORMATION SO PROVIDED BY SELLER TO BUYER TO THE EXTENT AND IN SUCH MANNER AS BUYER DEEMS APPROPRIATE.

7.5 Release by Buyer. AS A MATERIAL PART OF THE CONSIDERATION TO SELLER FOR THE SALE OF THE PROPERTY, BUYER, ON BEHALF OF BUYER, THE BUYER PARTIES AND BUYER'S SUCCESSORS-IN-INTEREST, HEREBY IRREVOCABLY AND UNCONDITIONALLY

WAIVES AND RELEASES AND FOREVER DISCHARGES AND ACQUITS SELLER AND THE SELLER PARTIES, FROM ANY AND ALL CLAIMS OF ANY KIND OR NATURE WHATSOEVER, WHETHER KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, FIXED OR CONTINGENT, OR LIQUIDATED OR UNLIQUIDATED, WHICH IT NOW HAS, OWNS, HOLDS OR CLAIMS TO HAVE, OWN OR HOLD, OR AT ANY TIME HERETOFORE HAD, OWNED, HELD, OR CLAIMED TO HAVE, OWN OR HOLD, AGAINST SELLER AND THE SELLER PARTIES, INCLUDING CLAIMS THAT ARE BASED DIRECTLY OR INDIRECTLY ON, ARISE FROM OR IN CONNECTION WITH, OR ARE RELATED TO ANY FACTS, MATTERS, CIRCUMSTANCES, CONDITIONS, OR DEFECTS (WHETHER PATENT OR LATENT) OF ANY KIND RELATED TO, ARISING FROM OR BASED UPON THE PROPERTY OR THE PROPERTY CONDITIONS. SUCH WAIVER AND RELEASE WILL NOT APPLY TO A BREACH BY SELLER OF ANY EXPRESS WARRANTY OR REPRESENTATION CONTAINED IN SECTION 7.1. BUYER ACKNOWLEDGES AND AGREES THAT (I) BUYER MAY HEREAFTER DISCOVER FACTS DIFFERENT FROM OR IN ADDITION TO THOSE NOW (OR AS OF THE CLOSING) KNOWN OR BELIEVED TO BE TRUE REGARDING THE PROPERTY, (II) BUYER'S AGREEMENT TO RELEASE, ACQUIT AND DISCHARGE SELLER AND EACH OF THE OTHER SELLER PARTIES AS SET FORTH HEREIN SHALL REMAIN IN FULL FORCE AND EFFECT, NOTWITHSTANDING THE EXISTENCE OR DISCOVERY OF ANY SUCH DIFFERENT OR ADDITIONAL FACTS, AND (III) BUYER KNOWINGLY AND VOLUNTARILY WAIVES ANY AND ALL RIGHTS, BENEFITS AND PRIVILEGES TO THE FULLEST EXTENT PERMISSIBLE UNDER ANY FEDERAL, STATE, LOCAL, OR OTHER LAWS WHICH DO OR WOULD NEGATIVELY AFFECT VALIDITY OR ENFORCEABILITY OF ALL OR PART OF THE RELEASES SET FORTH IN THIS AGREEMENT.

BUYER, ON BEHALF OF BUYER, THE BUYER PARTIES AND BUYER'S SUCCESSORS-IN-INTEREST, AGREES THAT THE WAIVERS AND RELEASES SET FORTH ABOVE EXTEND TO ALL CLAIMS OF ANY NATURE AND KIND WHATSOEVER, KNOWN OR UNKNOWN, SUSPECTED OR NOT SUSPECTED, AND BUYER, BY ITS INITIALS SET FORTH BELOW EXPRESSLY WAIVES AND RELINQUISHES ANY RIGHTS AND BENEFITS IT MAY HAVE UNDER CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

BUYER'S INITIALS


SELLER'S INITIALS

**ARTICLE VIII
BUYER'S REPRESENTATIONS AND WARRANTIES**

8.1 **Buyer's Representations and Warranties.** Buyer hereby represents, warrants and covenants to Seller as of the date of this Agreement, and upon the Close of Escrow, as follows, all of which shall survive the Close of Escrow:

8.1.1 Authority: Buyer is a municipal corporation and has the full power and authority to enter into and carry out the agreements contained in, and the transactions contemplated by this Agreement. The persons signing this Agreement and any documents and instruments in connection herewith on behalf of Buyer have full power and authority to do so.

8.1.2 Bankruptcy: There are no attachments, assignments for the benefit of creditors, receiverships, conservatorships or voluntary or involuntary proceedings in bankruptcy or any other debtor relief actions contemplated by Buyer or filed by Buyer, or to the best of Buyer's knowledge, pending in any current judicial or administrative proceeding against Buyer.

8.1.3 Ratification: This Agreement is subject to the approval and ratification by the City Council of the City of Riverside. In the event the City Council fails to approve this Agreement by August 1, 2015, then this Agreement will automatically terminate, the parties shall have no further obligations under this Agreement other than those that survive termination and Escrow Holder shall cancel the Escrow immediately and return all money and/or documents to the respective party.

8.1.4 Sublease: To the best of Buyer's knowledge, there is no default, with or without the passage of time, under any of Buyer's four (4) subleases that would result in any claim against Seller.

The material truth and accuracy of the foregoing representations and warranties shall be a condition of Seller's obligations hereunder. At least five (5) calendar days prior to the Close of Escrow, Buyer shall notify Seller of any known facts or circumstances which are contrary to the foregoing representations and warranties.

**ARTICLE IX
DEFAULT AND TERMINATION**

9.1 **Default.** A party shall be deemed in default hereunder if it fails to meet, comply with, or perform any covenant, agreement, or obligation on its part required within the time limits and in the manner required in this Agreement for any reason other than a default by the other party hereunder or termination of this Agreement prior to Close of Escrow.

9.2 **Opportunity to Cure.** No act, failure to act, event or circumstance which might be deemed to be a default by either party shall be deemed to be a default under any of the provisions of this Agreement, unless and until, notice thereof is first given by the non-defaulting party to the party alleged to be in default and said party fails to cure the alleged default within

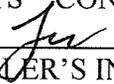
fifteen (15) calendar days in the case of a non-monetary default, or one (1) calendar days in the case of a monetary default.

9.3 **Termination upon Default.** After notice and an opportunity to cure, if the defaulting party fails to cure the default, the non-defaulting party may terminate this acquisition by giving written notice to the defaulting party and the Escrow Holder. Upon receipt of the notice to terminate, the Escrow Holder shall immediately cancel the Escrow and return all money and/or documents to the respective party, except as otherwise provided in this Agreement.

9.4 **Buyer's Termination.** If Buyer exercises its rights under this Agreement to terminate this acquisition, Buyer shall provide written notice to the Sellers and Escrow Holder. Upon receipt of said notice, Escrow Holder shall immediately cancel the Escrow and return all money and/or documents to the respective party.

9.5 **LIQUIDATED DAMAGES.** IF A BUYER DEFAULT OCCURS, SELLER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THOSE DAMAGES. SUCH DAMAGES WILL, HOWEVER, BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN FOR THE FOLLOWING REASONS: (A) THE DAMAGES TO WHICH SELLER WOULD BE ENTITLED IN A COURT OF LAW WILL BE BASED IN PART ON THE DIFFERENCE BETWEEN THE ACTUAL VALUE OF THE PROPERTY AT THE TIME SET FOR THE CLOSE OF ESCROW AND THE PURCHASE PRICE AS SET FORTH IN THIS AGREEMENT; (B) PROOF OF THE AMOUNT OF SUCH DAMAGES WILL BE BASED ON OPINIONS OF VALUE OF THE PROPERTY, WHICH CAN VARY IN SIGNIFICANT AMOUNTS; AND (C) IT IS IMPOSSIBLE TO PREDICT AS OF THE DATE ON WHICH THIS AGREEMENT IS MADE WHETHER THE VALUE OF THE PROPERTY WILL INCREASE OR DECREASE AS OF THE DATES SET FOR THE CLOSE OF ESCROW. BUYER AND SELLER WISH TO AVOID THE COSTS AND LENGTHY DELAYS WHICH WOULD RESULT IF SELLER FILED A LAWSUIT TO COLLECT ITS DAMAGES FOR A BREACH OF THIS AGREEMENT. THEREFORE, THE SUM REPRESENTED BY BUYER'S DEPOSIT SHALL BE DEEMED TO CONSTITUTE A REASONABLE ESTIMATE OF SELLER'S DAMAGES UNDER THE PROVISIONS OF SECTION 1671 OF THE CALIFORNIA CIVIL CODE AND, EXCEPT AS PROVIDED BELOW, SELLER'S SOLE AND EXCLUSIVE REMEDY IF THIS AGREEMENT IS TERMINATED DUE TO BUYER'S DEFAULT SHALL BE LIMITED TO SUCH AMOUNT AND SELLER SHALL HAVE THE RIGHT TO RETAIN AND KEEP THE DEPOSIT. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS AGREEMENT, THE PARTIES AGREE THAT, IN NO EVENT, SHALL THIS LIQUIDATED DAMAGES PROVISION LIMIT SELLER'S RIGHTS OR RECOURSE WITH RESPECT TO (A) ANY BREACH OF BUYER'S OBLIGATIONS UNDER ARTICLE IV; (B) ANY INDEMNITY PROVISIONS OF THIS AGREEMENT; (c) ANY BREACH BY BUYER OF OBLIGATIONS THAT SURVIVE TERMINATION OR (D) ANY ATTORNEYS' FEES INCURRED BY SELLER IN CONNECTION WITH ANY DISPUTE RELATED TO THIS AGREEMENT. BY INITIALING THIS PROVISIONS IN THE SPACES BELOW, SELLER AND BUYER EACH SPECIFICALLY AFFIRM THEIR RESPECTIVE AGREEMENTS CONTAINED IN THIS SECTION.

BUYER'S INITIALS



SELLER'S INITIALS

9.6 **DEFAULT BY SELLER.** IF A SELLER DEFAULT OCCURS AND THE CLOSE OF ESCROW FAILS TO OCCUR BY REASON THEREOF, THEN BUYER'S SOLE REMEDY SHALL BE AS FOLLOWS: (A) TO TERMINATE THIS AGREEMENT BY WRITTEN NOTICE DELIVERED TO SELLER AND ESCROW AGENT AND TO RECOVER THE DEPOSIT OR (B) SUBJECT TO THE TERMS SET FORTH BELOW, TO SPECIFICALLY ENFORCE (WHICH ACTION FOR SPECIFIC PERFORMANCE MUST BE FILED AND SERVED UPON SELLER WITHIN THIRTY (30) DAYS AFTER THE FAILURE TO CLOSE) SELLER'S OBLIGATION TO EXECUTE AND DELIVER THE GRANT DEED AND TO CONVEY THE PROPERTY TO BUYER. BUYER SHALL NOT HAVE THE RIGHT TO RECOVER DAMAGES OF ANY KIND OR TO OBTAIN OTHER EQUITABLE RELIEF, INCLUDING ANY EQUITABLE ADJUSTMENT TO THE TERMS OF THE SALE OF THE PROPERTY. AS A CONDITION PRECEDENT TO BUYER'S RIGHT TO PURSUE AN ACTION FOR SPECIFIC PERFORMANCE, BUYER SHALL HAVE FULLY PERFORMED ALL OF BUYER'S OBLIGATIONS AND MADE ALL DELIVERIES REQUIRED TO BE PERFORMED OR DELIVERED ON OR BEFORE THE CLOSING DATE, AND WITHOUT ASSERTING ANY EXCUSE OF BUYER'S PERFORMANCE DUE TO SELLER'S DEFAULT OR OTHERWISE.

ARTICLE X MUTUAL AGREEMENTS

10.1 **Soil Inspection.** Subject to the terms and conditions of Article IV, Buyer shall have the right to obtain a soil test report concerning the Property. Said report shall be obtained at Buyer's discretion and expense. Buyer shall indemnify, defend and hold Seller harmless from any Claim arising from Buyer's soils investigation and keep the Property free from any liens, including mechanics liens, arising from persons or agents authorized to perform such soils investigation on behalf of Buyer.

10.2 **Abandonment of Personal Property.** Unless special arrangements have been made by the parties, any personal property owned by Seller left on the Property at the Close of Escrow shall be deemed abandoned and the property of the Buyer. Seller agrees that Buyer may dispose of the personal property without notice to the Seller and without sale at a public auction. Seller expressly waives the requirements of California Civil Code Section 1980, et seq., relating to the disposition of personal property remaining on the premises at the termination of a tenancy, and to the extent applicable, the provisions of California Code of Civil Procedure Section 1174.

10.3 **Other Agreements Affecting Property.** Seller and Buyer have made this Agreement upon the belief that there are no other agreements except this Agreement, the leases, any existing service or maintenance contracts and the Permitted Exceptions which will affect the Property beyond the Close of Escrow. If Seller determines that such agreements exist which are not revealed herein, Seller shall provide Buyer with a copy immediately upon Seller's learning of its existence.

10.4 **Natural Hazards Disclosures.** Seller shall provide Buyer with a Natural Hazard Report and a Natural Hazards Disclosure Statement and Buyer shall execute the Natural Hazard Disclosure Statement. Buyer acknowledges that Seller did not prepare the Natural Hazard

Report and that the Natural Hazard Disclosure Statement is based upon the Natural Hazard Report. Buyer acknowledges and agrees that nothing contained in the Natural Hazard Disclosure Statement or Report shall release Buyer from its obligation to fully investigate the condition of the Property, including whether the Property is located in any Natural Hazard Area. Buyer further acknowledges and agrees that the matters set forth in the Natural Hazard Disclosure Statement or Natural Hazard Report may change on or prior to the Close of Escrow and that Seller shall have no obligation to update, modify, or supplement such documents. The Natural Hazard Disclosure Report shall be delivered by Seller to Buyer within ten (10) business days after the Effective Date and Buyer shall have until the expiration or termination of its Due Diligence Period within which to approve or disapprove any condition disclosed by any such report or findings.

10.5 **Notices to Tenants.** Promptly after the Close of Escrow, Buyer will send notices to the tenants under the leases advising them of the sale of the Property and directing them to make future lease payments to Buyer at the place designated by Buyer.

10.6 **CEQA Compliance.** Buyer and Seller understand, acknowledge and agree that purchase of the Property is contingent upon Buyer's compliance with the California Environmental Quality Act ("CEQA"). If all CEQA requirements applicable to this transaction are not satisfied by August 1, 2015, then this Agreement will automatically terminate, the parties shall have no further obligations under this Agreement other than those that survive termination and Escrow Holder shall cancel the Escrow immediately and return all money and/or documents to the respective party.

ARTICLE XI HAZARDOUS SUBSTANCES

11.1 **Hazardous Substances Disclosure.** Certain California and federal laws, including the Comprehensive Environmental Response Compensation & Liability Act of 1980 ("CERCLA"), 42 U.S.C. Section 9601 *et seq.*, and California Health & Safety Code Section 25359.7, require sellers of certain real estate to disclose the existence of Hazardous Materials located on or beneath the property being transferred. Buyer agrees that Seller has satisfied the obligations under any and all applicable laws, ordinances, rules and regulations, by providing or making available to Buyer the environmental reports included or referenced in the documents provided to Buyer.

11.2 **Hazardous Substance Conditions Report.** Subject to the terms and conditions of this Agreement, Buyer shall have the right to obtain a Hazardous Substance Conditions report(s) or other environmental studies concerning the Property and relevant adjoining properties. Such report(s) will be obtained at Buyer's discretion and expense. If Buyer elects to secure such reports, Buyer shall use reasonable diligence to obtain such a report on a timely basis. If Seller has such a report, Seller shall provide Buyer with a copy thereof.

11.3 **Hazardous Substance Defined.** A "Hazardous Substance" for purposes of this Agreement shall mean and refer to any (a) hazardous or toxic wastes, materials or substances or chemicals and other pollutants or contaminants which are or become regulated by applicable local, state, regional and/or federal orders, ordinances, statutes, rules, regulations (as interpreted

by judicial and administrative decisions) and laws, (b) asbestos, asbestos-containing materials or urea formaldehyde, (c) polychlorinated biphenyls, (d) flammable, explosive, corrosive or radioactive materials, (e) medical waste and biochemical, (f) gasoline, diesel, petroleum or petroleum by-products, (g) lead-based paint or (h) any substance set forth in Health and Safety Code Section 25316, et seq., or whose nature and/or quality of existence, use, manufacture or effect, render it subject to federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substance Condition" for purposes of this Agreement is defined as the existence on, under or relevantly adjacent to the Property or a Hazardous Substance that would or could require remediation and/or removal under applicable federal, state or local law.

11.4 Hazardous Substances Indemnity. Seller expressly agrees to indemnify, defend, and hold Buyer, and its respective officials, officers, employees, agents, successors and assigns, harmless from and against any claim, action, liability, loss, damage, entry, judgment, order, lien, encumbrance, and costs and expenses that, foreseeable or unforeseeably, directly or indirectly, is caused by a breach of Seller's representations and warranties regarding Hazardous Substances set forth in Section 7.1.7. For the purposes of this Section 11.4, "costs and expenses" include, but are not limited to, the cost of any necessary, ordered, adjudicated, or otherwise required remediation or removal of Hazardous Substances, any cost of repair of improvements on the Property or adjacent property necessitated by or related to the remediation or removal of Hazardous Substances, the cost of any tests, samples, studies, investigations, or other preparation reasonably undertaken in preparation or furtherance of remediation or removal of Hazardous Substances, and the cost of preparing plans for the remediation or removal of Hazardous Substances. Notwithstanding the foregoing, Seller expressly agrees to, at its sole expense, and with legal counsel reasonably acceptable to Buyer, defend the Buyer and its respective officials, officers, employees, agents, successors and assigns in any action in which the Buyer or its respective officials, officers, employees, agents, successors and assigns become or may become involved as a result of a breach of Seller's representations and warranties regarding Hazardous Substances set forth in Section 7.1.7. Seller's obligations under this Section 11.4 shall survive the Close of Escrow only for a period of twelve (12) months after the Close of Escrow. Buyer must commence an action against Seller based upon any Claims under this Section 11.4 not later than twelve (12) months after the Close of Escrow and any Claims relating to or arising from Seller's obligations under this Section 11.4 will be deemed absolutely waived and barred except to the extent such Claims are included in any such action. Buyer's obligations under this Section 11.4 will be limited to the Cap Amount, except that for purposes of this Section 11.4 only, the Cap Amount shall be Three Hundred Fifty Thousand Dollars (\$350,000).

ARTICLE XII MISCELLANEOUS

12.1 Exhibits. All Exhibits attached hereto are a part of this Agreement for all purposes and are incorporated herein.

12.2 Assignment. Neither this Agreement nor any rights under this Agreement may be assigned by any party without the prior written consent of the other party except as part of a tax deferred exchange.

12.3 **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Seller and Buyer, and their respective successors, heirs, agents and permitted assigns.

12.4 **Captions.** The captions, headings, and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof.

12.5 **Number and Gender of Words.** Whenever herein the singular number is used, the same shall include the plural where appropriate, and words of any gender shall include each other gender where appropriate.

12.6 **Governing Law and Venue.** The laws of the State of California shall govern the validity, construction, enforcement, and interpretation of this Agreement. All claims, disputes and other matters in question arising out of or relating to this Agreement, or the breach thereof, shall be decided by proceedings instituted and litigated in the state court in the County of Riverside, and the parties hereby waive all provisions of law providing for a change of venue in such proceedings to any other county.

12.7 **Amendments.** This Agreement may be amended or supplemented only by written documents signed by the parties.

12.8 **Notices.** All notices, terminations, waivers and other communications hereunder shall be in writing and shall be delivered personally, by facsimile or shall be sent by registered or certified United States mail or a nationally recognized, overnight courier service, postage prepaid, and addressed as follows:

Buyer

City of Riverside
Attention: Real Property Services
3900 Main Street
Riverside, California 92522
Phone: (951) 826-5649
Fax: (951) 826-5744

Seller

NNN Mission Square LLC
c/o Daymark Properties Realty, Inc.
750 B Street, Suite 2620
San Diego, California 92101
Attention: Michael Smith
Phone: (619) 294-8989
Fax: (619) 294-8995

With required copy to:

David H. Hymer, Esq.
Sheppard Mullin Richter & Hampton LLP
501 West Broadway, Suite 1900
San Diego, California 92101
Phone: (619) 338-6533
Fax: (619) 234-3815

And to:

Jim Eliassen, Chairman
Mission Square Owners Steering Committee
45507 Addington Ln.
Novi, Michigan 48374
Phone: (248) 449-7255
Fax: (248) 449-7055

Any notice in accordance herewith shall be deemed received when delivery is received or refused, as the case may be. Notices may be given by facsimile transmission, provided that an original of said transmission shall be delivered to the addressee by a nationally recognized overnight delivery service on the business day following such transmission. Facsimiles shall be deemed delivered on the date of such transmission.

12.9 **Entirety.** This Agreement (together with the existing confidentiality agreement) embodies the entire agreement between the parties and supersedes all prior written or oral agreements and understandings, if any, between them concerning the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or written, between the parties hereto, relating to the subject matter contained in this Agreement which are not fully expressed herein.

12.10 **Severability.** If any of the provisions of this Agreement, or its application to any party or circumstance, is held to be illegal, invalid, or unenforceable under present or future laws, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance from this Agreement. In lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of this Agreement, a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible to make such provision legal, valid, and enforceable.

12.11 **Further Acts.** In addition to the acts and deeds recited herein and contemplated and performed, executed and/or delivered by Seller and Buyer, Seller and Buyer agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered at the Close of Escrow or after the Close of Escrow any and all such further acts, deeds, and assurances as may be necessary to consummate the transactions contemplated herein.

12.12 **Construction.** No provision of this Agreement shall be construed in favor of, or against, any particular party by reason of any presumption with respect to the drafting of this Agreement; both parties, having the opportunity to consult legal counsel, having fully participated in the negotiation of this Agreement.

12.13 **Time of the Essence.** It is expressly agreed by the parties hereto that time is of the essence with respect to each and every provision of this Agreement.

12.14 Waiver of Covenants, Conditions or Remedies. The waiver by one party of the performance of any covenant, condition or promise, or of the time for performing any act under this Agreement shall not invalidate this Agreement nor shall it be considered a waiver by such party of any other covenant, condition or promise, or of the time for performing any other act required under this Agreement. The exercise of any remedy provided in this Agreement shall not be a waiver of any other remedy provided by law, and the provisions of this Agreement for any remedy shall not exclude any other remedies unless they are expressly excluded.

12.15 Nondiscrimination. The parties shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical or mental disability, medical conditions, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, genetic information, gender, gender identity, gender expression, sex or sexual orientation, in connection with the performance of this Agreement.

12.16 Date of Agreement. The date of the Agreement as used in this Agreement shall refer to the Effective Date. It is understood and agreed that no employee, officer or director(s) of Buyer has any authority to bind the Buyer, which is a public entity, except upon prior approval by the governing body of Buyer.

12.17 Survival of Warranties. All of the warranties, representations, covenants and agreements of the parties hereto contained in this Agreement shall survive the Close of Escrow, except as otherwise provided for herein.

12.18 Counterparts. This Agreement may be executed in a number of identical counterparts. If so executed, each of such counterparts shall, collectively, constitute one original agreement. In making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

12.19 Attorneys' Fees. In the event of any arbitration, litigation or judicial action in connection with this Agreement or the enforcement thereof or the enforcement of any indemnity obligation hereunder, the prevailing party in any such litigation or judicial action shall be entitled to recover all costs and expenses of any such judicial action or litigation (including reasonable attorneys' fees, costs, expenditures and fees) from the other party.

12.20 Limitation on Damages. Notwithstanding anything to the contrary set forth in this Agreement, in no event shall Seller or Buyer be liable for any consequential, special or punitive damages resulting from any default or breach of any provision of this Agreement. Notwithstanding anything to the contrary herein, Buyer on its own behalf and on behalf of the Buyer Parties agrees that in no event or circumstance shall Seller, any of the Seller Parties or Seller's property management company have any personal liability under this Agreement. Seller on its own behalf and the Seller Parties agrees that in no event or circumstance shall any of the Buyer Parties have any personal liability under this Agreement. Such limitations shall survive the Close of Escrow.

12.21 Confidentiality. Buyer agrees that the existing confidentiality agreement entered into by Buyer will apply to this Agreement and the information contained in any

documents relating to financials delivered under or in connection with this Agreement and the results of Buyer's review of the Property.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.

SELLER:

NNN Mission Square, LLC
a Delaware limited liability company

By: NNN Realty Investors, LLC
a Virginia limited liability company,
f/k/a Triple Net Properties, LLC
Its: Manager



Todd Mikles, President

NNN Mission Square 2, LLC, NNN Mission Square 3, LLC, NNN Mission Square 4, LLC, NNN Mission Square 6, LLC, NNN Mission Square 7, LLC, NNN Mission Square 8, LLC, NNN Mission Square 9, LLC, NNN Mission Square 10, LLC, NNN Mission Square 11, LLC, NNN Mission Square 12, LLC, NNN Mission Square 13, LLC, NNN Mission Square 14, LLC, NNN Mission Square 15, LLC, . NNN Mission Square 17, LLC, NNN Mission Square 18, LLC, NNN Mission Square 19, LLC, NNN Mission Square 20, LLC, NNN Mission Square 22, LLC, NNN Mission Square 23, LLC, NNN Mission Square 24, LLC, NNN Mission Square 25, LLC, NNN Mission Square 26, LLC, NNN Mission Square 27, LLC, NNN Mission Square 28, LLC, NNN Mission Square 31, LLC, NNN Mission Square 32, LLC, NNN Mission Square 33, LLC, NNN Mission Square 34, LLC, NNN Mission Square 35, LLC, NNN Mission Square 36, LLC, NNN Mission Square 37, LLC, NNN Mission Square 38, LLC, NNN Mission Square 39, LLC, and NNN Mission Square 40, LLC, each a Delaware limited liability company

Each By: NNN Realty Investors, LLC
a Virginia limited liability company,
f/k/a Triple Net Properties, LLC
Its: Vice President



Todd Mikles, President

[Signatures Continued On Next Page]

BUYER:

CITY OF RIVERSIDE,
a California charter city and municipal
corporation

By: _____
City Manager

Attested to:

By: _____
City Clerk

Approved as to form:

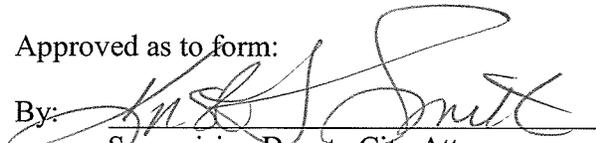
By: 
Supervising Deputy City Attorney

EXHIBIT "A"
LEGAL DESCRIPTION

[Attached]

LEGAL DESCRIPTION

The land referred to herein is situated in the State of California, County of Riverside and described as follows:

Parcel A:

That portion of Parcel Map 14855 as shown by map on file in Book 75 pages 37-38 of Parcel Maps, Records of Riverside County, California, being more particularly described as follows:

Beginning at the most Easterly corner of Parcel 1;

Thence South 29°02'49" West along the Southerly line of said Parcel 1, a distance of 135.90 feet;

Thence North 60°56'23" West through Parcels 1 and 4 of said Parcel Map 14855, a distance of 330.98 feet to the Northwesterly line of said Parcel 4;

Thence North 29°02'06" East along the Northwesterly line of Parcels 4 and 2, a distance of 110.39 feet to the beginning of a tangent curve, having a radius of 26.00 feet;

Thence northeasterly along said curve, concave Southerly through a central angle of 78°46'14", an arc distance of 35.75 feet to a point in the northeasterly line of Parcel 2 of said Parcel Map 14855, a radial line to said point bears North 17°48'20" East;

Thence South 60°56'23" East along the northeasterly lines of Parcels 2, 4 and 1, a distance of 310.07 feet to the point of beginning.

Parcel B:

Those portions of Parcels 1, 3 and 4 of Parcel Map 14855 as shown by map on file in Book 75 pages 37-38 of Parcel Maps, Records of Riverside County, California, being more particularly described as follows:

Commencing at the most Easterly corner of Parcel 1;

Thence South 29°02'49" West along the Southeasterly line of said Parcel 1, a distance of 135.90 feet to the point of beginning;

Thence continuing South 29°02'49" West along the Southeasterly line of said Parcel 1, a distance of 194.87 feet to the most Southerly corner thereof;

Thence North 60°56'29" West along the Southwesterly line of said Parcel 1, a distance of 45.08 feet to a point A;

Thence North 29°03'37" East a distance of 38.92 feet;

Thence North 60°56'23" West a distance of 20.11 feet;

Thence North 29°03'37" East a distance of 30.42 feet;

Thence North 60°56'23" West a distance of 265.78 feet to the Northwesterly line of said Parcel 3;

Thence North 29°02'06" East along the Northwesterly line of Parcels 3 and 4 a distance of 125.53 feet;

Thence South 60°56'23" East a distance of 330.98 feet to the point of beginning.

Together with those portions of Parcels 3 and 4 of said Parcel Map 14855, described as follows:

Commencing at said Point A hereinbefore described;

Thence along the Southwesterly line of said Parcels 1 and 4, North 60°56'29" West 126.00 feet to the point of beginning;

Thence continuing along said Southwesterly line and along the Southwesterly line of said Parcel 3, North 60°56'29" West 61.36 feet;

Thence North 29°03'37" East 38.92 feet;
Thence South 60°56'23" East 61.36 feet;
Thence South 29°03'37" West 38.92 feet to the point of beginning.

Parcel C:

Those portions of Parcels 1, 3 and 4 of Parcel Map 14855, as shown by map on file in Book 75 pages 37-38 of Parcel Maps, Records of Riverside County, California, described as follows:

Commencing at the most Southerly corner of said Parcel 1;

Thence along the Southwesterly line of said Parcel 1, North 60°56'29" West 45.08 feet to the point of beginning;

Thence North 29°03'37" East 38.92 feet;
Thence North 60°56'23" East 20.11 feet;
Thence North 29°03'37" East 30.42 feet;
Thence North 60°56'23" East 265.78 feet to the Northwesterly line of said Parcel 3;

Thence along said Northwesterly line, South 29°02'06" West 60.35 feet to the most Northerly corner of the land described as Parcel 2 in the deed to the City of Riverside, recorded December 17, 1982 as Instrument No. 82.218727 of Official Records of Riverside County, California;

Thence Southerly along the Easterly line of said Parcel 2, being a curve concave Easterly having a radius of 9.00 feet through a central angle of 89°58'35", an arc distance of 14.13 feet to the Southwesterly line of said Parcel 3;

Thence along the last mentioned Southwesterly line, South 60°56'29" East 89.50 feet to a point that is distant along the Southwesterly line of said Parcels 1, 4 and 3, North 60°56'29" West 187.36 feet from the point of beginning;

Thence North 29°03'37" East 38.92 feet;
Thence South 60°56'23" East 61.36 feet;
Thence South 29°03'37" West 38.92 feet to said Southwesterly line of Parcel 4;

Thence along said Southwesterly line of Parcels 4 and 1, South 60°56'29" East 126.00 feet to the point of beginning;

Excepting therefrom that portion which lies between the vertical space with the bottom plane having an elevation of 841.73 feet and the top plane having an elevation of 854.00 feet. U.S. Coast and Geodetic Survey Sea Level Datum of 1929, 1970 Southern California Adjustment, through the medium of the City of Riverside, Precise Level Net on file in the Office of the County Engineer, bench mark reference for this description is a Parker-Kalon (PK) Nail in the top of curb, 12 feet Southeasterly of the most Southerly curb return at the intersection of 10th Street and Market Street, having an elevation of 840.914 feet as shown in the City of Riverside filed in Book 975, Page(s) 10 as conveyed to the Parking Authority of the City of Riverside by deed recorded August 13, 1984 as Instrument No. 84.175601 of Official Records of Riverside County, California.

Parcel D:

That portion of Parcel Map 14855, as shown by map on file in Book 75 pages 37-38 of Parcel Maps, Records of Riverside County, California, being more particularly described as follows:

All those portions of the hereindescribed property which lie between the vertical space with the bottom plane having an elevation of 841.73 feet and the top plane having an elevation of 854.00 feet, U.S. Coast and Geodetic Survey Sea Level Datum of 1929, 1970 Southern California adjustment, through the medium of the City of Riverside, precise level net on file in the Office of the City Engineer. Bench Mark reference for this description is a Parker-Kalon (PK) nail in the top of curb, 12 feet Southeasterly of the most Southerly curb return at the intersection of 10th Street and Market Street, having an elevation of 840.914 feet as shown in City of Riverside Field Book 975 Page 10.

Those portions of Parcels 1, 3 and 4 of Parcel Map 14855 as shown by map on file in Book 75 pages 37-38 of Parcel Maps, Records of Riverside County, California, being more particularly described as follows:

Commencing at the most Southerly corner of said Parcel 1:

Thence North 60°56'29" West along the Southwesterly line of said Parcel 1, a distance of 45.08 feet to the point of beginning;

Thence North 60°56'29" West along the Southwesterly lines of Parcels 1 and 4 of said Parcel Map 14855, a distance of 126.00 feet;

Thence North 29°03'37" East, a distance of 38.92 feet;

Thence North 60°56'23" West, a distance of 61.36 feet;

Thence South 29°03'37" West, a distance of 38.92 feet to the Southwesterly line of Parcel 3 of said Parcel Map 14855;

Thence North 60°56'29" West along the Southwesterly line of Parcel 3 of said Parcel Map, a distance of 89.50 feet to the beginning of a tangent curve, concave Easterly, having a radius of 9.00 feet;

Thence Northerly along said curve through a central angle of 89°58'35", an arc distance of 14.13 feet to the Northwesterly line of Parcel 3 of said Parcel Map;

Thence North 29°02'06" East along the Northwesterly line of Parcel 3 of said Parcel Map, a distance of 60.35 feet;

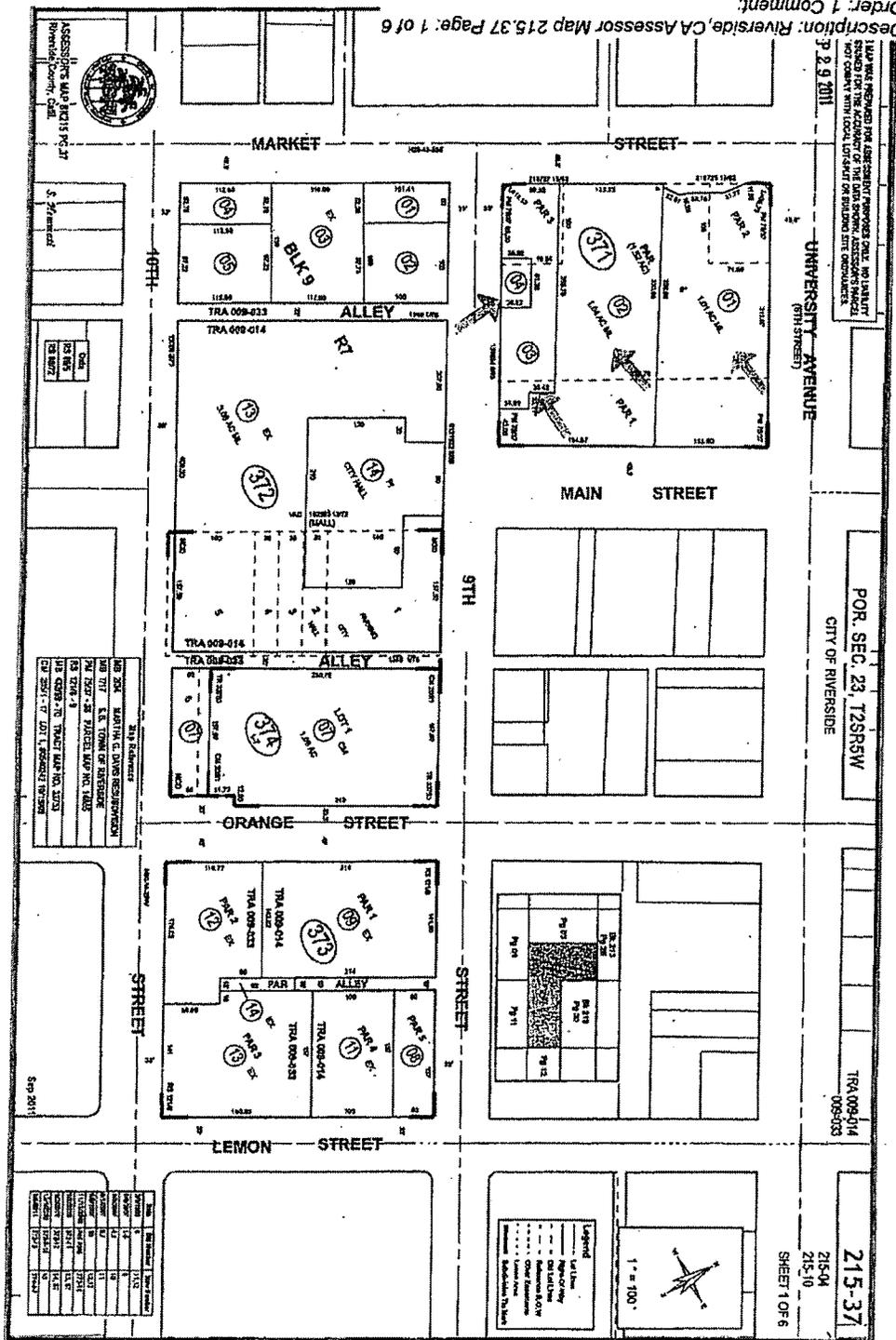
Thence South 60°56'23" East, a distance of 265.78 feet;

Thence South 29°03'37" West, a distance of 30.42 feet;

Thence South 60°56'23" East, a distance of 20.11 feet;

Thence South 29°03'37" West, a distance of 38.92 feet to the point of beginning, as conveyed to the Parking Authority of the City of Riverside, a public body corporate and politic by deed recorded August 13, 1984 as Instrument No. 84,175601 of Official Records.

APN: 215-371-001, 215-371-002, 215-371-003, and 215-371-004
(End of Legal Description)



I HAVE REVIEWED THE ASSASSOR'S MAP AND I HEREBY
 CERTIFY THAT THE DATA SHOWN THEREON IS TRUE AND
 CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.
 ORDER: 1 Comment:

Description: Riverside, CA Assessor Map 215.37 Page: 1 of 6

ASSASSOR'S MAP RIGHTS PG 27
 Riverside County, CA

EXHIBIT "B"
LESSEE'S ESTOPPEL CERTIFICATE

**To: The City of Riverside
3900 Main Street
Riverside, CA 92522**

[IF A TENANT'S LEASE PROVIDES FOR A FORM OF ESTOPPEL, SUCH FORM SHALL BE USED IN LIEU OF THIS FORM.]

RE: Lease ("Lease") dated _____ by and between _____, as Lessor, and _____, as Lessee (Lease attached hereto as Exhibit "1") concerning the real property known as: _____, Riverside, CA _____ ("Premises"), which Lease was amended _____ and guaranteed by _____ ("Guarantor(s)"). (It will be presumed no amendments or guarantees exist unless they are specified above.)

Lessee hereby certifies as follows:

1. A true and correct copy of the above referenced Lease, and all amendments and guarantees, if any, are attached hereto marked Exhibit "1." (Attach a copy of Lease, all amendments and guarantees.)

2. The Lease term commenced on _____ and expires on _____. (Indicate any options to extend.)

3. The current monthly rent, utility charges and expense pass-through, if any, are as follows:

	<u>Amount</u>	<u>Day of Month Due</u>	<u>Paid Up Through</u>
Rent	\$ _____	_____	_____
Utilities	\$ _____	_____	_____
Pass through	\$ _____	_____	_____

No rents, utility charges or pass-throughs have been prepaid by more than 30 days except as reflected in the Lease. (It will be presumed that no expense pass-throughs are currently required unless set forth above.)

4. The current amount of security deposit held by Lessor is \$ _____.

5. The Lease has not been modified, orally or in writing, since its execution, except as hereinabove identified. The Lease is in full force and effect and contains the entire agreement between Lessor and Lessee, except (if there are no exceptions, write "NONE"):

6. The improvements and space required to be provided by Lessor have been furnished and completed in all respects to the satisfaction of Lessee, and all promises of an inducement nature by Lessor have been fulfilled except (if there are no exceptions, write "NONE"):

7. Lessee has no knowledge of any uncured defaults by Lessor or Lessee under the Lease, except (if there are no exceptions, write "NONE"):

8. There are no disputes between Lessor and Lessee concerning the Lease, the Premises or the improvements therein or thereon, except (if there are no exceptions, write "NONE"):

9. Lessee is in full and complete possession of the Premises and has not assigned or sublet any portion of the Premises, except (if there are no exceptions, write "NONE"):

10. Lessee has no knowledge of any prior sale, transfer, assignment or encumbrance of the Lessor's interest in the Lease, except (if there are no exceptions, write "NONE"):

11. Lessee has made no alterations or additions to the Premises, except (if there are no exceptions, write "NONE"):

12. The guarantees of the Guarantors named above are still in full force and effect, except (if there are no exceptions, write "NONE"):

13. Lessee is not currently the subject of a bankruptcy proceeding and to the best of its knowledge neither Lessor nor any Guarantor is involved in such a proceeding, except (if there are no exceptions, write "NONE"):

14. Lessee is aware that buyers, lenders and others will rely upon the statements made in this Estoppel Certificate, and has therefore adjusted the language hereof as necessary to make it

an accurate statement of the current facts concerning the Lease. If no such adjustments have been made, said parties may rely upon the statements in this form as printed.

15. Additional items (if there are no additional items, write "NONE"):

LESSOR:

LESSEE:

By: _____

By: _____

EXHIBIT "C"
ASSIGNMENT OF LEASES

ASSIGNMENT AND ASSUMPTION OF LEASES
(Address)

THIS ASSIGNMENT AND ASSUMPTION OF LEASES ("Agreement") is made and entered into this _____ day of _____, 20____, by and between _____ ("Assignor"), and **THE CITY OF RIVERSIDE**, a California charter city and municipal corporation ("Assignee"), and is made with reference to the following facts:

A. Assignor is the current owner of that certain property located at [ADDRESS] in the City of Riverside, State of California ("Property") and is legally described in Exhibit "1" attached hereto and incorporated herein by reference.

B. Assignor has leased, by those Leases ("Leases") more particularly listed and described in Exhibit "1" attached hereto and incorporated herein by reference, certain portions of the Property.

C. Assignor and Assignee have entered into that certain Purchase and Sale Agreement ("Purchase Agreement") wherein Assignor is selling to Assignee all of its right, title and interest in the Property. As a condition for that transaction, Assignor is required to assign all of its right, title and interest in the Leases.

NOW THEREFORE, incorporating the above recitals and in consideration of the covenants and obligations set forth herein, the parties hereto agree as follows:

1. **Assignment.** For valuable consideration, receipt of which is hereby acknowledged, Assignor hereby assigns, sells, transfers, conveys and delivers all of Assignor's right, title and interest in the Leases and delegates all its obligations and duties under said Leases to Assignee. Notwithstanding the foregoing or anything to the contrary contained herein, Assignor shall retain all rights, title and interest in and to all rentals and other amounts payable by Tenants, and other rights and claims against any parties, under the Leases for the period of time prior to the Closing.

2. **Acceptance by Assignee.** Assignee hereby agrees to and does accept the assignment of the rights and interests in and the obligations and duties of Assignor under the Leases. Pursuant to the terms of the Purchase Agreement, Assignee has already received a credit for the unapplied amount of all prepaid rents, security and other tenant deposits for the Property and interest due thereon as of the Closing ("Credit"), and in consideration of such Credit, Buyer assumes full responsibility and liability for all prepaid rents and deposits to the extent of such Credit.

3. **Assumption.** Assignee hereby assumes all of Assignor's obligations, duties, responsibilities, and liabilities, and agrees to be bound by all of the terms, covenants, conditions and obligations required to be kept, performed and fulfilled by Assignor under the Leases.

4. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

5. **Successors and Assigns.** It is mutually understood and agreed that this Agreement shall be binding upon Assignor and Assignee and their respective successors.

6. **Governing Law.** This Agreement shall be governed by, interpreted under and construed and enforced in accordance with the laws of the State of California.

7. **Venue.** Any action at law or in equity brought by either of the parties hereto for the purpose of enforcing a right or rights provided for by this Agreement shall be tried in a court of competent jurisdiction in the County of Riverside, State of California and the parties hereby waive all provisions of law providing for a change of venue in such proceeding to any other county.

8. **Severability.** If any term or provision of this Agreement shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected.

9. **Notices.** Service of any notices, bills, invoices or other documents required or permitted under this Agreement shall be sufficient if sent by one party to the others by United States mail postage prepaid and addressed as follows or as hereafter revised by written notification to the other parties.

ASSIGNEE

ASSIGNOR

City of Riverside
Community Development Dept.
3900 Main Street
Riverside, CA 92522
Phone: (951) 826-5649
Fax: (951) 826-2504

10. **Waivers.** No waiver or breach of any covenant or provision of this Agreement shall be deemed a waiver of any other covenant or provision, and no waiver shall be valid unless in writing and executed by the waiving party.

11. **Construction.** Headings are solely for the parties convenience, are not a part of this Agreement, and shall not be used to interpret this Agreement. The singular form shall include plural and vice versa. This Agreement shall not be construed as if it had been prepared by one of

the parties, but rather as if both parties have prepared it. Unless otherwise indicated, all references to sections are to this Agreement.

12. **Attorneys' fees.** In the event either party hereto shall bring suit to enforce any term of this Agreement or to recover any damages for and on account of the breach of any term or condition of this Agreement, it is mutually agreed that the prevailing party in such action shall recover all costs thereof, including reasonable attorneys' fees.

13. **Authority.** Assignor and Assignee each represent and warrant that the individuals executing this Agreement on their behalf have the legal power, right and actual authority to bind Assignor and Assignee, respectively, to the terms and conditions hereof and thereof.

14. **Effective Date.** This Agreement shall be effective upon execution of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth above.

CITY OF RIVERSIDE

NAME

By _____
City Manager

By _____
Typed/Printed Name:

Attested to:

NAME

By _____
City Clerk

By _____
Typed/Printed Name

Approved as to form:

By: _____
Supervising Deputy City Attorney