

CITY OF SAN DIEGO

CONSENT TO ASSIGNMENT OF LEASE AGREEMENT

The City of San Diego ["City"], as Lessor under that certain Lease Agreement ["Master Lease"] with

Montgomery Field LLC, a California limited liability company

["Lessee" also referred to as "Assignor"], originally between the City and Montgomery Field Two, a limited partnership, dated effective August 1, 1979, and filed in the office of the City Clerk as Document No. 766982. The Master Lease was assigned via foreclosure to Citicorp Real Estate, Inc., on December 5, 1991, which interest was subsequently assigned to Kearny Mesa Realty, Inc., on December 10, 1991, which interest was subsequently assigned to San Diego Hospital Association, a California nonprofit benefit corporation, on December 17, 1993, and consented to by the City, on December 14, 1993, which interest was subsequently assigned to Montgomery Field, LLC, a California limited liability company, on December 29, 1999, and consented to by the City on December 22, 1999. The City hereby consents to the assignment of the Master Lease to

Montgomery Field Associates, L.P. a California Limited Partnership,

["Assignee"], in accordance with the terms and conditions as follows:

Assignee agrees to assume all rights and obligations of Lessee under the Master Lease and to perform all covenants, conditions and provisions of the Master Lease to be performed by Lessee on and after the date of the assignment.

Pursuant to Section III C. Inspection of Records of the Master Lease, the City's Audit Division will conduct a close-out audit upon Assignment of the Master Lease to determine the exact amounts of rent owed to City by Assignor through the effective date of the assignment to Assignee. The Assignor shall not be relieved of any obligation to pay any sums owed to City through the effective date of the assignment or any other sums subsequently disclosed by a verification of the accuracy of the escrow statement and distribution of proceeds by City. Assignee shall be jointly and severally liable for any such sums owed to City by Assignor. The failure by either Assignor or Assignee to pay to City the full amount owed shall constitute a default of the Master Lease; however, Assignor shall be relieved of any other liability owed to City occurring on or after the effective date of the assignment to Assignee.

Assignee agrees to maintain a policy of commercial general liability insurance providing coverage required under the Master Lease in the amount of not less than \$3 million per occurrence.

Except as provided above with respect to the release of the Assignor: i) The execution of this Consent by City does not amend the Master Lease or waive any of City's rights under the Master Lease; and ii) In the event of a conflict between the provisions of this Consent and the Master Lease, the terms of the Master Lease shall prevail.

This Consent does not constitute a consent to any subsequent subletting or assignment and does not relieve Assignee or any person claiming under or through Assignee of the obligation to obtain the consent of the City under Section IV.A.2, Assignment and Subletting, of the Lease to any future assignment or sublease.

In the event of any default of Assignee under the Lease, the City may proceed directly against Assignee, any guarantors, or anyone else liable under the Lease without first exhausting the City's remedies against any other person or entity liable under the Lease to the City.

Assignee agrees to provide the City with an irrevocable direct pay Letter of Credit [LOC], in the amount of \$100,000, in favor of the City, drawn on a bank or other financial institution approved in writing by the City, with terms that are consistent with the Master Lease and this Consent to Assignment of Lease Agreement. Assignee agrees to monitor the credit of Issuing Bank and, if the Issuing Bank's credit rating falls below the City's minimum credit requirements, the LOC shall be substituted by a new LOC acceptable to the City, or another form of deposit. Assignee agrees to pay all costs, if any, of securing the LOC. The LOC shall coincide with the term of the Master Lease and will otherwise end only upon a City-approved future assignment of the Master Lease.

Immediately upon assignment of the Leasehold, Assignee shall deposit with City a cash deposit in the amount of One Hundred Thousand Dollars (\$100,000) [Cash Deposit], until an LOC is attained by Assignee and accepted by City. The City shall hold the Cash Deposit in a trust fund but shall not pay interest on the funds. Upon City's acceptance of the LOC, the City shall return the original \$100,000 deposit to Assignee within fifteen working days. If Assignee does not attain an LOC, the City shall use the Cash Deposit to cure any defaults that Assignee fails to cure pursuant to the Master Lease and this Consent to Assignment.

The Cash Deposit or LOC, when obtained by Assignee, shall only be used by the City to cure any defaults pursuant to the Master Lease and this Consent to Assignment. The Cash Deposit or LOC shall be returned to Assignee at the end of the term of the Master Lease, or sooner upon written agreement of the parties. Assignee may replace the Cash Deposit or the LOC with a Personal Guaranty, provided that the Personal Guaranty is approved as to form and substance by the City Manager prior to acceptance.

This Consent to Assignment of Lease Agreement may be executed by each party on a separate signature page, and when the executed signature pages are combined, shall constitute one single instrument.

This Consent is executed by City acting by and through the City Manager and by Lessee/Assignor and Assignee acting by and through their lawfully authorized officers. This Consent is effective upon the date signed by the City Manager and approved by the City Attorney.

LESSOR:

THE CITY OF SAN DIEGO
For The City Manager

Dated: _____

By: _____
Jack D. Farris, Deputy Director
Real Estate Assets Department

LESSEE/ASSIGNOR:

Montgomery Field, LLC

Dated: 10/15/04

"see attached acknowledgment"

By: 
Name: Marvin T. Levin
Title: Manager

ASSIGNEE:

Montgomery Field Associates, L.P.
A California Limited Partnership

By: Montgomery Park, Inc.
A California Corporation
Its General Partner

Dated: _____

By: _____
Joseph Daneshgar
President

I HEREBY APPROVE the form and legality of the foregoing
agreement this _____ day of _____, 2004.

CASEY GWINN, City Attorney

By _____
Elisa A. Cusato
Deputy City Attorney

EAC:dm
10/15/04
Or.Dept: READ
MMS#908
Consent to Assignment_08-01-79 Lease_Final_10-15-04

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Contra Costa } ss.

On October 15, 2004 before me, Joji R. Sayo, Notary Public,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Marvin T. Lawin
Name(s) of Signer(s)

☒ personally known to me
☐ proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Joji R. Sayo
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

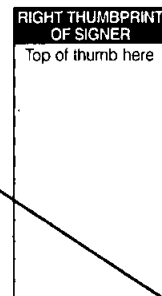
Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____



This Consent is executed by City acting by and through the City Manager and by Lessee/Assignor and Assignee acting by and through their lawfully authorized officers. This Consent is effective upon the date signed by the City Manager and approved by the City Attorney.

LESSOR:

THE CITY OF SAN DIEGO
For The City Manager

Dated: _____

By: _____
Jack D. Farris, Deputy Director
Real Estate Assets Department

LESSEE/ASSIGNOR:

Montgomery Field, LLC

Dated: _____

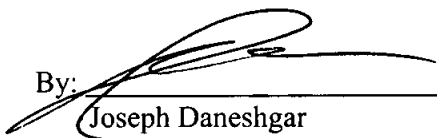
By: _____
Name: _____
Title: _____

ASSIGNEE:

Montgomery Field Associates, L.P.
A California Limited Partnership

By: Montgomery Park, Inc.
A California Corporation
Its General Partner

Dated: 10-15-04

By:  _____
Joseph Daneshgar
President

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of

Los Angeles

SS.

On October 15, 2004 before me, Susanna Medina, Notary Public

Date

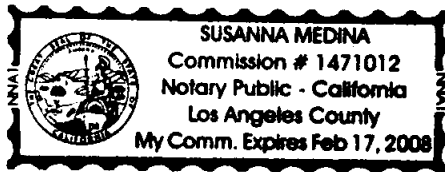
Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared

Joseph Daneshgar

Name(s) of Signer(s)

- ☒ personally known to me
☐ proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Susanna Medina
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney-in-Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

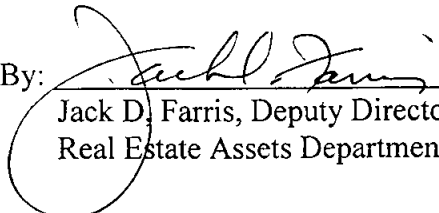
RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

This Consent is executed by City acting by and through the City Manager and by Lessee/Assignor and Assignee acting by and through their lawfully authorized officers. This Consent is effective upon the date signed by the City Manager and approved by the City Attorney.

LESSOR:

THE CITY OF SAN DIEGO
For The City Manager

Dated: 10-18-04

By: 
Jack D. Farris, Deputy Director
Real Estate Assets Department

LESSEE/ASSIGNOR:

Montgomery Field LLC

Dated: _____

By: _____

Name: _____

Title: _____

ASSIGNEE:

Montgomery Field Associates, L.P.
A California Limited Partnership

Dated: _____

By: _____

Montgomery Park, Inc.
A California Corporation
Its General Partner

Dated: _____

By: _____

Joseph Daneshgar
President

I HEREBY APPROVE the form and legality of the foregoing
agreement this 18th day of October, 2004.

CASEY GWINN, City Attorney

By Elisa A. Cusato
Elisa A. Cusato
Deputy City Attorney

EAC:dm
10/15/04
Or.Dept: READ
MMS#908
Consent to Assignment_08-01-78 Lease_Final_10-15-04

ESTOPPEL CERTIFICATE

To: CDC Mortgage Capital, Inc.
9 West 57th Street, 36th Floor
New York, New York 10019;
Attention: Real Estate Administration (Gary DiGiuseppe)

This Estoppel Certificate is made with reference to the following facts:

The City owns real property in the City of San Diego commonly known as Montgomery Field Airport. The City, a municipal corporation, as landlord ("Landlord") and Montgomery Field Two, a California limited partnership, as tenant ("Tenant") entered into a Flat Rate Lease effective August 1, 1979 and recorded in the Office of the City Clerk as Document No. 766982 and Addendum (the "Lease") covering that certain real property located on Montgomery Field and more specifically described in the Lease ("Property").

The Lease was assigned via foreclosure to Citicorp Real Estate, Inc. on December 5, 1991, which interest was subsequently assigned to Kearny Mesa Realty, Inc. on December 10, 1991, which interest was subsequently assigned to San Diego Hospital Association, a California nonprofit benefit corporation, on December 17, 1993, and consented to by the City, on December 14, 1993, which interest was subsequently assigned to Montgomery Field, LLC, a California limited liability company, on December 29, 1999, and consented to by the City, on December 22, 1999.

Montgomery Field, LLC, a California limited liability company, has assigned all of its rights and interest in the Lease to Montgomery Field Associates, L.P., ["Assignee"], a California limited partnership. The City has consented to the assignment ["Assignment"] pursuant to a Consent to Assignment dated October 18, 2004, between City, as Landlord, and Tenant.

Assignee intends to mortgage its interest in the Lease to CDC Mortgage Capital, Inc. (together with its successor and assigns, "Lender").

The Landlord certifies as follows:

1. Lease. Landlord has leased to Tenant and Tenant has leased from Landlord, the Property on the terms set forth in the Lease and the attached Addendum. A true, correct, and complete copy of the Lease is attached to this Estoppel Certificate as Exhibit "A," and is incorporated into this Estoppel Certificate. There are no oral or other written amendments, modifications, or supplements to the Lease. The Lease is in full force and effect and is a complete statement of the agreement between Landlord and Tenant with respect to leasing of the Property. The Lease is in full force and effect, and the term of the Lease has commenced.

2. No Default. No Encumbrances. No Modifications. Landlord is not in default in the performance of any of the terms and provisions of the Lease and has not assigned, transferred, or hypothecated the Property or any interest in the Property. There are no mortgagees, beneficiaries under deeds of trust, or other holders of a security interest in the Property. The interests of Landlord, under the Lease have not been assigned. To Landlord's actual knowledge, without duty of inquiry or investigation, all amount due under the Lease have been paid by Tenant as and when due, there are no known defaults on the part of Tenant under the Lease, and no event or condition has occurred that, with the giving of notice or passage of time, or both, would constitute such a default by Landlord or Tenant. Landlord has not consented to the assignment of any interests of Tenant under the Lease and, to the actual knowledge of Landlord, Tenant has not assigned, transferred, or hypothecated the Lease or any interest in the Lease, except as set forth in Paragraph 1 of this Estoppel Certificate.

3. Lease Term. No Purchase Right. The term of the Lease began on August 1, 1979, and the expiration date of the Lease is July 31, 2034. Tenant has no right or option to renew or extend the term of the Lease, no right or option to lease other Property, and no preferential right to purchase all or any part of the Property. As of the date of this Estoppel Certificate, no rent is due from Tenant under the Lease. The rent currently payable by Tenant under the Lease is \$266,400 per annum, payable monthly in advance in the amount of \$22,200. Rent due under the Lease has been paid through October 31, 2004. The next rent adjustment date is August 1, 2008.

4. Leasehold Mortgage. Pursuant to Section IV.A.3. ["Right to Encumber"] of the Lease, Landlord consents to Assignee encumbering its leasehold interest in the Property for the purpose of securing the loan to be made by Lender to Assignee and Landlord agrees that Lender, and its successors and assigns, shall have all the rights provided to a leasehold mortgagee under the Lease. In the event of default, including Lessee's rejection of the Lease in bankruptcy, Landlord will accept Lender as its new tenant under the Lease with all the rights, privileges, and duties granted and imposed in the Lease (or replacement thereof).

5. Development Plan. Landlord acknowledges that, to date, Tenant has made significant improvements to the Property consistent with the Development Plan, approved by the City Manager, and filed in the Office of the City Clerk.

6. Use of Premises. Pursuant to Sections I.A. and IV.D.32. of the Lease, the Property is to be used only for the construction, operation and maintenance of a commercial and light industrial office complex and for such other related or incidental purposes as may first be approved in writing by the City Manager. No aviation uses are permitted without first obtaining the written permission of the City Manager.

7. Not an Amendment of the Lease. The execution of this Certificate by Landlord does not amend the Lease or waive any of Landlord's rights under the Lease. In the event of a conflict between the provisions of this Estoppel Certificate and the Lease, the terms of the Lease shall prevail.

8. Notices. Landlord acknowledges that Lender desires to obtain a copy of any notice that Landlord is obligated to give any Leasehold Mortgagee under the Lease at the time provided therein. Lender's address for notices to be given to Lender initially is as follows:

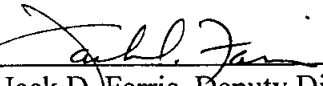
CDC Mortgage Capital Inc., its successors and assigns
9 West 57th Street, 36th Floor
New York, New York 10019
Attention: Real Estate Administration (Gary DiGiuseppe)

This Estoppel Certificate is given to CDC Mortgage Capital, Inc. with the understanding that it or its assignee shall rely on it in connection with making or holding a loan secured by a leasehold deed of trust encumbering Assignee's interests in the Property.

LANDLORD:

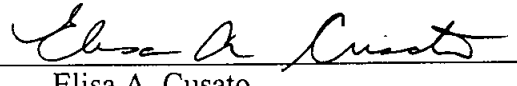
THE CITY OF SAN DIEGO

Dated: 10-18-04

By: 
Jack D. Farris, Deputy Director
Real Estate Assets Department

I HEREBY APPROVE the form and legality of the foregoing agreement
this 18th day of October, 2004.

CASEY GWINN, City Attorney

By 
Elisa A. Cusato
Deputy City Attorney

EAC:dm
10/15/04
Or.Dept: READ
MMS#908
H:\CUSATO\Estoppel Montgomery Field_Final_10-13-04.doc

THIS IS NOT A LIEN. THIS NOTICE IS GIVEN
PURSUANT TO SECTIONS 3097 AND 3098,
CALIFORNIA CIVIL CODE. THIS IS NOT
A REFLECTION ON THE INTEGRITY OF
ANY CONTRACTOR OR SUBCONTRACTOR.

Lot 7
Z 871 405 31
**CALIFORNIA
PRELIMINARY
NOTICE**

C74465

366462

OWNER or PUBLIC AGENCY
or Reputed Owner (on public work)
(on private work)

CITY OF SAN DIEGO/MONTGOMERY FIELD
AIRPORT MANAGER
3750 JOHN J MONTGOMERY DR
SAN DIEGO CA 92123

YOU ARE HEREBY NOTIFIED THAT....

6110
FRAZEE INDUSTRIES
DBA FRAZEE PAINT
6625 MIRAMAR RD
SAN DIEGO CA 92121

has furnished or will furnish labor, services, equipment or
materials of the following general description:

1005

PAINT, WALLCOVERINGS AND
OTHER RELATED MATERIALS

for the building, structure or other work of improvement located at:

ADC: UNKNOWN
"MONTGOMERY FIELD"
8525 GIBBS DRIVE
SAN DIEGO CA
JOB #924001

CONSTRUCTION LENDER or
Reputed Construction Lender, if any.

871405364

FREMONT INVESTMENT & LOAN
175 N RIVERVIEW DR
ANAHEIM CA 92808

An estimate of the total price of the labor, services,
equipment or materials furnished or to be furnished is:

\$ 5,000.00

Trust Funds to which Supplemental Fringe Benefits are Payable

ORIGINAL CONTRACTOR or
Reputed Contractor, if any.

871405363

858-279-7075
GRAIG LESTERMAN
PROJECT MANAGER
8665 GIBBS DRIVE
SAN DIEGO CA 92123

BY:

Viki Ray Pickett
(Signature) (Title)
02/25/2001 R

Agent

Dated: 03/07/2001

925-937-4173

LESSEE:
MONTGOMERY FIELD LLC
1981 N BROADWAY #415
WALNUT CREEK CA 94596

871405365

SUB CONTRACTOR /person or firm who
contracted for the purchase of such
labor, services, equipment or material is:

858-278-7851
100113
RELIABLE PAINTING
3718 MARIO PLACE
SAN DIEGO CA 92111-4125

NOTICE TO PROPERTY OWNER
IF BILLS ARE NOT PAID IN FULL FOR THE LABOR,
SERVICES, EQUIPMENT, OR MATERIALS FURNISHED OR
TO BE FURNISHED, A MECHANIC'S LIEN LEADING TO
THE LOSS, THROUGH COURT FORECLOSURE
PROCEEDINGS, OF ALL OR PART OF YOUR PROPERTY
BEING SO IMPROVED MAY BE PLACED AGAINST THE
PROPERTY EVEN THOUGH YOU HAVE PAID YOUR
CONTRACTOR IN FULL. YOU MAY WISH TO PROTECT
YOURSELF AGAINST THIS CONSEQUENCE BY
(1) REQUIRING YOUR CONTRACTOR TO FURNISH A
SIGNED RELEASE BY THE PERSON OR FIRM GIVING
YOU THIS NOTICE BEFORE MAKING PAYMENT TO YOUR
CONTRACTOR OR (2) ANY OTHER METHOD OR
DEVICE THAT IS APPROPRIATE UNDER THE
CIRCUMSTANCES.

RECORDING REQUESTED BY
AND WHEN RECORDED RETURN TO:

FREMONT INVESTMENT & LOAN
175 N. Riverview Drive
Anaheim, California 92808
Attention: Ms. Valerie Wey
Loan No.: 950113756

**REAFFIRMATION OF
LESSOR ESTOPPEL AND NONDISTURBANCE AGREEMENT**

THIS REAFFIRMATION OF LESSOR ESTOPPEL AND NONDISTURBANCE AGREEMENT (this "Agreement") is made as of _____, 2001 by CITY OF SAN DIEGO ("Lessor"), in favor of FREMONT INVESTMENT & LOAN, a California industrial loan association ("Lender").

RECITALS

A. Pursuant to the terms of that certain Loan and Security Agreement dated as of December 29, 1999, by and between Montgomery Field LLC, a California limited liability company ("Lessee"), and Lender, together with all modifications, replacements, extensions and renewals thereof (collectively, the "Loan Agreement"), Lender (i) made a bridge loan to Lessee in the aggregate principal amount of Five Million Five Hundred Fifty Thousand Dollars (\$5,550,000) (the "Bridge Loan"), which Bridge Loan is evidenced by that certain Secured Promissory Note (Bridge Loan) dated December 29, 1999, in the original principal amount of the Bridge Loan, executed by Lessee in favor of Lender (the "Bridge Note"), and (ii) agreed to make a term loan to Lessee in the aggregate principal amount of Five Million Five Hundred Fifty Thousand Dollars (\$5,550,000) (the "Original Term Loan", and together with the Bridge Loan, the "Loan"), which Original Term Loan is to be evidenced by that certain Secured Promissory Note (Term Loan) to be executed, by Lessee, in the original principal amount of the Original Term Loan, the proceeds of which are being used to pay off the Bridge Note (the "Term Note", collectively with the Bridge Note, the "Note"). The Note is secured, inter alia, by (i) that certain Leasehold Deed of Trust and Fixture Filing dated as of December 29, 1999, executed by Lessee, as trustor, to Investors Bancor (now known as Fremont General Credit Corporation), as trustee, for the benefit of Lender, as beneficiary, encumbering the Lessee's interest in the land described on Exhibit A attached hereto and incorporated herein by this reference and all improvements now or hereafter located thereon (the "Premises"), recorded on December 29, 1999, as Instrument No. 1999-0841304 in the Official Records of San Diego County, California (the "Official Records"), as amended prior to the date hereof (as amended, the "Deed of Trust") and (ii) that certain Assignment of Rents and Leases dated as of December 29, 1999, executed by Lessee, as assignor, for the benefit of Lender, as assignee, as amended prior to the date hereof (as amended, the "Assignment of Rents") encumbering the Property, recorded on December 29, 1999 as Instrument No. 1999-0841305 in the Official Records.

B. Lessor has leased the Premises to Lessee pursuant to those certain Ground Leases described on Exhibit A attached hereto, and the Ground Lease Estoppel (as hereinafter defined), and this Agreement (collectively, the "Lease").

C. Lessor, Lessee and Lender are the parties to that certain Lessor Estoppel and Nondisturbance Agreement dated as of December 29, 1999, recorded on December 29, 1999 as Instrument No. 1999-0841306 in the Official Records (the "**Ground Lease Estoppel**"), which sets forth the rights and obligations of the parties with respect to the Lease as it relates to the Loan.

D. Lessee has asked Lender to increase the amount of the Original Term Loan by Two Million One Hundred Fifty Thousand Dollars (\$2,150,000) (the "**Additional Term Loan**") to Seven Million Seven Hundred Thousand Dollars (\$7,700,000) (as increased the "**Term Loan**", and together with the Bridge Loan the "**Loan**") and convert the Bridge Loan to the Term Loan, and Lender has agreed to do so pursuant to the terms of that certain First Amendment to Deed of Trust and Other Loan Documents of even date herewith, a memorandum of which is being recorded concurrently herewith (the "**First Amendment**"), the Loan Agreement, the Term Note and the other documents referenced in the Loan Agreement or executed in connection therewith (collectively, the "**Term Loan Documents**").

E. Lender has required the execution and delivery of this Agreement as a condition precedent to the modifications described in the First Amendment and the conversion of the Bridge Loan into the Term Loan.

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree as follows:

1. Lessor hereby consents to the modifications referenced in the Term Loan Documents, agrees to remain fully bound by the Ground Lease Estoppel, notwithstanding the modifications evidenced by the Term Loan Documents, and agrees that any reference made in the Ground Lease Estoppel to the documents and instruments evidencing or securing the Loan shall mean such documents and instruments as amended by the Term Loan Documents.

2. Lessor hereby certifies that as of the date hereof (a) all rent and security deposits, and, to Lessor's actual knowledge, without duty of inquiry or investigation, all other amounts under the Lease have been paid by Lessee as and when due, (b) there are no known defaults on the part of Lessee under the Lease, (c) the Lease is a complete statement of the agreement of the parties thereto with respect to the leasing of the Premises, (d) the Lease is in full force and effect, and the term of the Lease has commenced, and (e) the Lease is in full force and effect and Lessee and Lessor have fully complied with and satisfied all conditions required in the Lease.

3. Lessor understands that the Term Loan has been increased by Two Million One Hundred Fifty Thousand Dollars (\$2,150,000) to Seven Million Seven Hundred Thousand Dollars (\$7,700,000). Lessor hereby consents to the increase in the amount of the Term Loan as set forth in this Section 3.

4. This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto or their respective successors in interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

5. In the event any legal action or proceeding is commenced to interpret or enforce the terms of, or obligations arising out of, this Agreement, or to recover damages for the breach thereof, the party prevailing in any such action or proceeding shall be entitled to recover from the non-prevailing party all reasonable attorneys' fees, costs and expenses incurred by the prevailing party.

6. The interpretation, validity and enforcement of this Agreement shall be governed by and construed under the laws of the State of California.

IN WITNESS WHEREOF, Lessor has executed this Agreement as of the date first above written.

NOTICE: THIS AGREEMENT CONTAINS A PROVISION WHICH ALLOWS THE PERSON OBLIGATED ON YOUR LEASE TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXTENDED FOR PURPOSES OTHER THAN IMPROVEMENT OF THE PROPERTY.

"Lessor"

THE CITY OF SAN DIEGO

By: Tracy A. Means
Deputy Director, Airports Division

Approved as to form and legality
this 27th day of July, 2001
CASEY GUINN, City Attorney

By: [Signature]
Deputy City Attorney

"Lender"

FREMONT INVESTMENT & LOAN,
a California industrial loan association

By: _____
Its: _____

STATE OF CALIFORNIA

COUNTY OF

San Diego

) SS.

On July 27, 2001, before me, Shelia B. Duhart, a Notary Public, personally appeared Tracy Means, personally known to me ~~(or proved to me on the~~
~~basis of satisfactory evidence)~~ to be the person whose name is subscribed to the within instrument and
acknowledged to me that ~~he~~ she executed the same in ~~his~~ her authorized capacity, and that by ~~his~~ her
signature on the instrument the person, or the entity upon behalf of which the person acted, executed the
instrument.

WITNESS my hand and official seal.

Shelia B. Duhart
Notary Public



STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

STATE OF CALIFORNIA)
) SS.
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF THE PREMISES

That certain real property located in the City of San Diego, County of San Diego, State of California, having a street address of 8525, 8575, 8665 Gibbs Drive and 8690 Aero Drive, more particularly described as follows:

The leasehold estate created pursuant to the following ground leases:

1. Flat Rate Lease executed by the City of San Diego, as lessor, on July 27, 1978, and by Montgomery Field One, a California limited partnership, as lessee, which was filed May 3, 1978 as Document No. 763376 in the Office of the City Clerk, San Diego, California and recorded March 20, 1979 as File No. 79-115029 in the Official Records of San Diego County, with respect to Parcel B described below ("Ground Lease I"); and

2. Flat Rate Lease executed by the City of San Diego, as Lessor, on July 27, 1979 and by Montgomery Field Two, a California limited partnership, as lessee, which was filed July 31, 1979, as Document No. 766982, in the Office of the City Clerk, San Diego, California and recorded May 27, 1980 as File No. 80-170706 in the Official Records of San Diego County, with respect to Parcel A described below ("Ground Lease II").

GROUND LEASE II: PARCEL A:

THAT PORTION OF LOT 24 OF NEW RIVERSIDE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 679, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 11, 1891, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 24; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 24, SOUTH 89° 22' 05" WEST, 37.00 FEET TO THE POINT CUSP WITH A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY FORMING A PORTION OF JOHN J. MONTGOMERY DRIVE; THENCE ALONG THE BOUNDARY OF SAID DRIVE AS FOLLOWS:

NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET; TANGENT TO SAID CURVE NORTH 00° 37' 55" WEST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; AND NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET TO A POINT OF TANGENCY IN THE SOUTHERLY LINE OF GIBBS DRIVE; THENCE ALONG SAID SOUTHERLY LINE TANGENT TO SAID CURVE SOUTH 89° 22' 05" WEST, 678.57 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID SOUTHERLY LINE SOUTH 89° 22' 05" WEST, 550.57 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY FORMING A PORTION OF GLEN L. CURTIS DRIVE; THENCE ALONG THE BOUNDARY OF SAID DRIVE, LAST ABOVE REFERRED TO, AS FOLLOWS:

SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET; TANGENT TO SAID CURVE SOUTH 00° 37' 55" EAST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY;

AND SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET TO THE POINT OF TANGENCY IN THE SOUTHERLY LINE OF SAID LOT 24; THENCE ALONG SAID SOUTHERLY LINE, TANGENT TO SAID CURVE NORTH 89° 22' 05" EAST, 550.57 FEET TO A LINE WHICH BEARS SOUTH 00° 37' 55" EAST FROM THE TRUE POINT OF BEGINNING; THENCE NORTH 00° 37' 55" WEST, 200.00 FEET TO THE TRUE POINT OF BEGINNING.

GROUND LEASE I: PARCEL B:

THAT PORTION OF LOT 24 OF NEW RIVERSIDE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 679, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 11, 1891, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 24; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 24, SOUTH 89° 22' 05" WEST, 37.00 FEET TO A POINT OF CUSP WITH THE ARC OF A 20.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY AND BEING THE TRUE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET TO A POINT OF TANGENCY WITH THE WESTERLY LINE OF THE EASTERLY 17.00 FEET OF SAID LOT 24; THENCE ALONG SAID WESTERLY LINE, NORTH 00° 37' 55" WEST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET; THENCE TANGENT TO SAID CURVE, SOUTH 89° 22' 05" WEST, 678.57 FEET; THENCE SOUTH 00° 37' 55" EAST 200.00 FEET TO THE SOUTHERLY LINE OF SAID LOT 24; THENCE ALONG SAID SOUTHERLY LINE, NORTH 89° 22' 05" EAST, 678.57 FEET TO THE TRUE POINT OF BEGINNING.



a limited liability company

Levin Menzies Kelly
AND ASSOCIATES

RECEIVED
CITY OF SAN DIEGO

01 JUL 27 PM 4:25

REAL ESTATE ASSETS DEPT.

July 24, 2001

James Braun
City of San Diego
1200 3rd Avenue, Suite 1700
San Diego, CA 92101

RE: Montgomery Field Business Park Ground Lease Agreements, document numbers
763376 and 766982

Dear Jim,

Levin Menzies and Associates purchased Montgomery Field Business Park (MFBP) in December 1999. This purchase and the subsequent renovations were enabled by the \$5.55 million loan from Fremont Investment & Loan, which closed on December 29, 1999. That short-term bridge loan expires on January 1, 2002. A copy of the loan documents should be included in your files, as the City of San Diego signed an estoppel agreement confirming the ground lease prior to the closing of the \$5.55 million loan.

As shown in the bridge loan documents, Fremont and we fully intended that the original loan would be converted to a short-term loan for five years upon the completion of the renovation project. This is further evidenced by the current loan fee calculation, which is based only on the additional funding being provided. The additional funding is only possible due to the work and effort invested in the project thus far, and is required to reimburse advances associated with those efforts. Given the time required to negotiate and close commercial real estate loans, most especially in the current climate of fluctuating values, we began negotiations for this loan conversion at the beginning of the year.

You should note that this phase of financing only provides a five-year term. As we discussed with Will Griffith in April, permanent financing is required to enable a long-term hold of the property. This can be best accomplished with an extension of the ground lease to a term of 55 years.

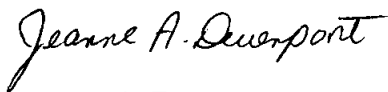
It is unfortunate that you see our efforts to extend the current loan pursuant to its terms, as contradictory to the longer-term goals that you and we have been discussing. I hope that this letter helps to clarify things for you. The principals of our company have been active in real estate in California for over 30 years. During that time they have enjoyed an impeccable reputation for good faith and fair dealing. Frankly, they were shocked to hear that you had impugned our company's motives in advancing the current short-term loan extension.

July 24, 2001
James Braun
The City of San Diego

As I told you in our conversation, we fully expect that if we are able to negotiate new terms and conditions to the ground lease, those terms will be fully retroactive to the newest phase of the current financing. More particularly, as you requested, this letter confirms that should MFBP and the City of San Diego come to an agreement that includes some level of participation by the City in the net refinancing proceeds, after costs, upon the execution of the ground lease extension, that agreement shall be retroactive to the current 5 year loan being considered with Fremont, with respect to the additional funds, after costs, provided by the loan.

We appreciate your expedient handling of the estoppel agreement from Freemont. If you have any other questions, or would like to discuss this further, please feel free to call.

Regards,



Jeanne A. Devenport
Asset Manager

c: Paul Menzies
William Griffith

Recorded at the request of
Chicago Title

THE ORIGINAL OF THIS DOCUMENT
WAS RECORDED ON DEC 29, 1999
DOCUMENT NUMBER 1999-0841306
GREGORY J. SMITH, COUNTY RECORDER
SAN DIEGO COUNTY RECORDER'S OFFICE
TIME: 3:21 PM

RECORDING REQUESTED BY

WHEN RECORDED MAIL TO:
Fremont Investment & Loan
175 N. Riverview Drive
Anaheim, California 92808
Attention: Commercial Real Estate
Loan No. 950113756

Space above for Recorder's Use

93038215-413

CONFORM

LESSOR ESTOPPEL AND NONDISTURBANCE AGREEMENT

This Lessor Estoppel and Nondisturbance Agreement (the "Agreement") is entered into as of December 29, 1999 by and among FREMONT INVESTMENT & LOAN, a California industrial loan association ("Lender"), MONTGOMERY FIELD LLC, a California limited liability company ("Borrower"), and the CITY OF SAN DIEGO (the "City"), who agree as follows:

1. Recitals. This Agreement is made with reference to the following facts:

1.1. The Leases. The City owns the real property located in San Diego, California, described on the attached Exhibit "A" and commonly known as Lots 6 and 7 of Montgomery Field Business Park (the "Real Property"). The Lessee described in Section 1.2 below is the correct lessee from the City of the Real Property and all improvements located on the Real Property (collectively, along with all easements appurtenant thereto, the "Premises") pursuant to the following ground leases (collectively, the "Leases"):

(a) Flat Rate Lease executed by the City, as lessor, on July 27, 1978 and Montgomery Field One, a California Limited Partnership, as lessee, which was filed May 3, 1978 as Document No. 763376 in the Office of the City Clerk, San Diego, California and recorded March 20, 1979 as File No. 79-115029 in the Official Records of San Diego County, as to Parcel B as described in Exhibit "A", together with the Addendum described in the attached Exhibit "B" ("Ground Lease I"); and

(b) Flat Rate Lease executed by the City, as lessor, on July 27, 1979 and Montgomery Field Two, a California Limited Partnership, as lessee, filed July 31, 1979, as Document No. 766982, in the Office of the City Clerk, San Diego, California, and which was recorded May 27, 1980 as File No. 80-170706, in the Official Records of San Diego County, as to Parcel A as described in Exhibit "A", together with the Addendum described in the attached Exhibit "B" ("Ground Lease II").

1999-12-29 13:21:00 15048 09477 164

DOCUMENT NO.

C-09875

FILED

FEB 09 2000

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

Any references to "Sections" in this Agreement are references to the corresponding sections in the Leases.

1.2. The Loan. The interest of lessee under the Leases (the "Leasehold") has been assigned to San Diego Hospital Association, a California non-profit public benefit corporation ("Lessee"), and Lessee and the manager of the Borrower have entered into a Purchase Agreement and Escrow Instructions dated July 12, 1999 pursuant to which Borrower intends to purchase Lessee's interest in the Leases and the Premises. Lender intends to make a loan to Borrower in the original principal amount of Five Million Five Hundred Fifty Thousand Dollars (\$5,550,000.00) (the "Loan"), to be secured by a Leasehold Deed of Trust, Security Agreement and Fixture Filing (the "Deed of Trust") encumbering Borrower's interest in the Leases and the Premises. The Deed of Trust and the other documents evidencing and securing the Loan are collectively referred to herein as the "Loan Documents." Lender will not make the Loan without obtaining the consent, certifications, and covenants of the City in accordance with this Agreement.

2. Acknowledgment of the City. In a separate document the City has consented to the assignment of the Lessee's interest in the Leases to Borrower (the "Sale Assignment"). The City acknowledges the pledge, assignment, and hypothecation by Borrower of its Leasehold interest under the Leases and of its right, title and interest in and to the Premises including the assignment to Lender of Borrower's interest in and to the Leases and all subleases of the Premises or any portion or portions thereof, in connection with the Loan. The City also acknowledges that Lender satisfies the criteria of the second sentence of Section IV, A.3. of the Leases.

3. Estoppel. The City certifies to Lender and Borrower with respect to both of the Leases as follows:

3.1. Lease Amendments. Attached hereto as Exhibit "B" are copies of the Leases including all amendments and supplements thereto. Except as identified in Exhibit "B," there are no other amendments, supplements, modifications or changes to the Leases and the Leases, together with the amendments, supplements, modifications and changes attached to said Exhibit "B", constitutes the entire agreement between the City and Lessee with respect to the Premises, and they are enforceable against Lessee (and after the Sale Assignment, against Borrower) and the City in accordance with their terms. For the purposes of this Agreement, all references to Lessee or Borrower are deemed to mean Lessee and/or Borrower, as applicable.

3.2. No Transfer of City's Interest. The City is the lessor under the Leases with respect to the Premises and the City has not transferred its interest under the Leases.

3.3. Term of Leases. The Leases are in full force and effect and the term of Ground Lease I expires on July 31, 2033, and the term of Ground Lease II expires July 31, 2034, unless sooner terminated pursuant to the terms of the Leases.

3.4. No Default. To the best of the City's knowledge, no default, or any event or condition which, with the passing of time or the giving of notice, or both, would constitute a default on the part of the City or Lessee, exists under the Leases in the performance of the terms, covenants and conditions of the Leases required to be performed on the part of the City or Lessee.

3.5. Rent. To the best of the City's knowledge, Lessee has paid all rents, charges and amounts due to the City pursuant to and in accordance with the respective terms of the Leases as of the date hereof. The current annual rent under the Leases is as follows:

- (a) Ground Lease I: \$53,267.40, payable \$4,438.95 per month;
- (b) Ground Lease II: \$46,393.20, payable \$3,866.10 per month.

The next rent adjustments under the Leases are scheduled to occur on the following dates:

- (c) Ground Lease I: August 1, 2002; and
- (d) Ground Lease II: August 1, 2003.

In addition to the adjustments described above, rent under the Leases shall be adjusted on the following dates pursuant to the nine percent (9%) capitalization rate and adjustment procedures set forth in Section III.A.2. of the Leases:

- (e) Ground Lease I: August 1, 2003; and
- (f) Ground Lease II: August 1, 2004.

There are currently no unresolved or pending disputes between the City and Lessee with respect to any obligations under the Leases.

3.6. Uses in Compliance. The current uses of the Premises for office and retail purposes (including, without limitation, the number, size and location of the parking spaces currently located on the Premises as shown on the ALTA Survey provided to the City by the Borrower) comply with the requirements under Sections I A. and IV, D.30.d. of the Leases and all applicable zoning, land use and occupancy laws and regulations affecting the Premises.

3.7. Inspection of Records. If Lender becomes the lessee under either or both of the Leases, as addressed in Section IV A.3., then, at Lender's cost Lender shall cooperate with the City in making pertinent records relating to the Premises available for the City's inspection pursuant to Section III C, however, Lender shall not be required to maintain a place of business in the City of San Diego.

3.8. Development Plan. The City confirms that the Premises have been developed in accordance with the General Development Plan described in Section IV B.8., and that Lessee has complied with all requirements of Section IV B.8.

3.9. Improvements and Alterations. The City acknowledges that Borrower will be performing certain minor improvements as generally described in the Application for Consent to Ground Lease Assignment dated July 12, 1999. If additional improvements and alterations to the Premises are required during the term of the Loan, the approval of the City with respect to such improvements and alterations shall not be unreasonably withheld or delayed.

4. Substitute Lessee. With respect to Lender's review and approval of a substitute Lessee, as described in Section IV, C.25.b.(3), Lender shall have the right to impose certain conditions in connection with its consideration of and/or its granting of consent (which consent may be withheld in Lender's sole discretion) to the transfer of the Leasehold interest and the assumption of the Loan by the purchaser of the Leasehold interest. By way of example, Lender's current underwriting standards for borrowers of loans on projects similar to the Premises include, without limitation, the following requirements: (a) Lender shall have approved the creditworthiness of the proposed purchaser in light of Lender's then current underwriting criteria for similar properties and loans, the particular requirements of the Premises, and the managerial, financial and operational ability of the proposed purchaser; (b) Lender shall have received (i) a non-refundable assumption fee of one percent (1%) of the sum of the then outstanding principal balance of the Loan plus the amount of all undisbursed advances, if any, under the Note, and (ii) a non-refundable processing fee of Five Thousand Dollars (\$5,000); (c) Lender shall have received, at the expense of Borrower or the proposed purchaser, and approved, such environmental, building inspection and seismic reports as may be required by Lender; and (d) Lender shall have received reimbursement of all reasonable costs incurred by Lender, and all documents and title endorsements reasonably required by Lender, in connection with the request for such assumption. Any such assumption shall not, however, release Borrower or any other party from any liability under the Loan Documents without Lender's prior written consent, which may be withheld in Lender's sole discretion.

5. Need for Lender's Consent. The City acknowledges that, with the exception of termination of the Leases by the City for a default on the part of Borrower, during the term of the Loan, and pursuant to the Loan Documents, the Borrower may not surrender, cancel, modify or amend the Leases or the Leasehold estate created by the Leases without the prior written consent of Lender; provided, however, that any modification of the Leases which has no adverse or material effect on the rights of the Borrower or Lender thereunder and which does not modify or amend the rent or other sums payable by the Borrower thereunder, the term of the Leases, or the permitted uses of the Premises, shall not require the consent of the Lender.

6. Condemnation or Destruction. In the event of condemnation or destruction of all or any portion of the Premises, the rights of the Lender shall be subject to the terms and

conditions of the Leases between the City and Borrower. In the event of any conflict between the provisions of the Loan Documents and the Leases, the provisions of the Leases shall control over all provisions of the Loan Documents.

7. No Merger. Without the written consent of Lender, there shall be no merger of the leasehold estate created under the Leases with the fee estate in the Premises by reason of the fact that such Leasehold estate may be held directly or indirectly by or for the benefit of any person who owns the fee estate in all or part of the Premises.

8. Default by Borrower Under the Leases. For so long as Lender encumbers the leasehold estate of the Borrower under the Leases, if the City or Borrower asserts a claim that the other or the holder of the other's interest under the Leases has failed to perform an obligation under the terms of the Leases or is otherwise in default under the Leases in any respect, the party asserting said claim shall immediately deliver written notice thereof to Lender, by certified mail, and the City, if it is the party that made such assertion, may not exercise any rights that it might otherwise have on account of such failure or default until and unless such notice has been given, and the Lender shall have thirty (30) days from such receipt of said notice to cure the default(s) or, if any such default is not curable within thirty (30) days, to commence to cure the default(s) and diligently pursue such cure to completion. Provided the Lender is diligently pursuing curing the default, the thirty (30) day period may be extended for the Lender in order to provide the Lender additional time necessary to gain the legal right to enter the Premises and to cure any such outstanding default. Upon the receipt of any such notice of default, Lender may do any act or thing required of Borrower under the Leases, and any such act or thing done and performed by Lender shall be as effective to prevent a forfeiture of Borrower's rights under the Leases as if done by the Borrower itself.

9. Premature Termination. If either of the Leases is terminated prior to its stated expiration as a result of any actual or deemed rejection of such Lease under any provision of Title 11 of the U.S. Code or by extreme circumstances (such as war, riot, etc.) not presently anticipated, then the City will give written notice to Lender of such termination, together with a statement of any and all sums which would at that time be due under the Lease ("Termination Notice") and Lender shall have the option upon payment to City of all amounts owing reflected on said statement to obtain a new lease from the City upon the following terms and conditions unless the City is prohibited by applicable Laws or regulations (the "Applicable Laws") from entering into a new lease with the same terms and provisions as the Lease:

(a) Upon written request received ninety (90) days after service of the Termination Notice, the City shall enter into a new lease (the "New Lease") of the Premises with Lender or its designee (the "New Lessee") in accordance with subparagraph (b) below; provided, however that Lender's designee shall be a reputable, qualified and financially responsible designee in the reasonable opinion of the City in accordance with the City of San Diego Charter, Section 225.

(b) The New Lease shall be effective as of the date of termination of the Lease and shall be for the remainder of the term of the Lease at the same rent and other charges therein provided and otherwise upon the same agreements, terms, covenants and conditions contained therein, for the same relative priority in time and right as the Lease and having the benefit of and vesting in the New Lessee all of the same rights, title, interest, powers and privileges of Borrower thereunder. Concurrently with the execution of the New Lease, the City shall assign its interest in and to any then-existing subleases under which the sublessee has attorned to and been recognized by the City.

If the City is prohibited by the Applicable Laws from entering into a new lease with the same terms and provisions as the Lease, then City shall enter into a new Lease with Lender that shall contain all of the terms and provisions of the Lease that are not prohibited by the Applicable Laws.

10. [Intentionally Omitted].

11. [Intentionally Omitted].

12. [Intentionally Omitted].

13. Subordination. The parties acknowledge that the Leases do not give the City or the Borrower the right to subordinate either of the Leases, or any modifications or amendments to the Leases entered into pursuant to this Agreement, to any mortgage or Deed of Trust that may be placed by the City on its fee interest in the Premises, and the City and Borrower further agree not to enter into any such subordination during the term of the Loan. This Section 13 does not prohibit or in any manner limit the City's ability and right to encumber its interest in the Real Property.

14. Lender's Liability Under the Lease. Lender or its nominee, or any purchaser, assignee or transferee, as the case may be, shall be liable to perform the obligations imposed on the Borrower under the Leases only for and during the period it is in ownership of the Leasehold estate created by the Leases.

15. Subleases. Upon any termination of the Leases pursuant to Section 9 above, or any situation in which the Borrower is in default, so long as Lender is acting to preserve the Leasehold estate pursuant to its rights under this Agreement and the Leases, City shall not disturb the possession of any sublessee of the Premises so long as such sublessee is not in default under its sublease.

16. Miscellaneous.

16.1. Further Assurances. Each party to this Agreement shall execute and deliver all instruments and documents and take all actions as may be reasonably required or appropriate to carry out the purposes of this Agreement.

16.2. Counterparts and Exhibits. This Agreement may be executed in counterparts, each of which is deemed an original and all of which together constitute one document. All exhibits attached to and referenced in this Agreement are incorporated into this Agreement.

16.3. Time of Essence. Time and strict and punctual performance are of the essence with respect to each provision of this Agreement.

16.4. Attorney's Fees. The prevailing party(ies) in any litigation, arbitration, mediation, bankruptcy, insolvency or other proceeding ("Proceeding") relating to the enforcement or interpretation of this Agreement may recover from the unsuccessful party(ies) all costs, expenses, and actual attorney's fees (including expert witness and other consultants' fees and costs) relating to or arising out of (a) the Proceeding (whether or not the Proceeding proceeds to judgment) and (b) any post-judgment or post-award proceeding including, without limitation, one to enforce or collect any judgment or award resulting from the Proceeding. All such judgments and awards shall contain a specific provision for the recovery of all such subsequently incurred costs, expenses, and actual attorney's fees.

16.5. Modification. This Agreement may be modified only by a contract in writing executed by all parties to this Agreement.

16.6. Prior Understandings. This Agreement and all documents specifically referred to and executed in connection with this Agreement (including the Leases): (a) contain the entire and final agreement of the parties to this Agreement with respect to the subject matter of this Agreement, and (b) supersede all negotiations, stipulations, understandings, agreements, representations and warranties, if any, with respect to such subject matter, which precede or accompany the execution of this Agreement. Except with respect to Sections 3.4 and 7 above, in the event there is a conflict in terms or conditions between this Agreement, the Deed of Trust, the Loan Documents, or other agreements or instruments regarding the assignment and the Leases, the terms and conditions of the Leases shall prevail.

16.7. Interpretation. Whenever the context so requires in this Agreement, all words used in the singular may include the plural (and vice versa) and the word "person" includes a natural person, a corporation, a firm, a partnership, a joint venture, a trust, an estate or any other entity. The terms "includes" and "including" do not imply any limitation. No remedy or election under this Agreement is exclusive, but rather, to the extent permitted by applicable law, each such remedy and election is cumulative with all other remedies at law or in equity. The paragraph headings in this Agreement: (a) are included only for convenience, (b) do not in any manner modify or limit any of the provisions of this Agreement, and (c) may not be used in the interpretation of this Agreement.

16.8. Partial Invalidity. Each provision of this Agreement is valid and enforceable to the fullest extent permitted by law. If any provision of this Agreement (or the application of such provision to any person or circumstance) is or becomes invalid or unenforceable, the

remainder of this Agreement, and the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, are not affected by such invalidity or unenforceability.

16.9. Notices. Each notice and other communication required or permitted to be given under this Agreement ("Notice") must be in writing. Notice is duly given to another party upon: (a) hand delivery to the other party, (b) receipt by the other party when sent by facsimile to the address and number for such party set forth below (provided, however, that the Notice is not effective unless a duplicate copy of the facsimile Notice is promptly given by one of the other methods permitted under this paragraph), (c) three business days after the Notice has been deposited with the United States postal service as first class certified mail, return receipt requested, postage prepaid, and addressed to the party as set forth below, or (d) the next business day after the Notice has been deposited with a reputable overnight delivery service, postage prepaid, addressed to the party as set forth below with next-business-day delivery guaranteed, provided that the sending party receives a confirmation of delivery from the delivery-service-provider.

If to City: The City of San Diego
 Airports Division
 3750 John J. Montgomery Drive
 San Diego, California 92123

The City of San Diego
Real Estate Assets Department
Attn: Asset Management Section
1200 Third Avenue, Suite 1700
San Diego, CA 92101

If to Borrower: Montgomery Field LLC
 c/o Levin Menzies Kelly & Associates LLC
 1981 N. Broadway #415
 Walnut Creek, CA 94596

with a copy to: Crosby, Heafey, Roach & May
 1999 Harrison Street
 Oakland, California 94612
 Attn: Eun-Hee Chang, Esq.

If to Lender: Fremont Investment & Loan
 175 North Riverview Drive
 Anaheim, CA 92808
 Attention: Commercial Real Estate Department
 Loan No. 95173993

with a copy to:

Mayer, Brown & Platt
350 South Grand Avenue, Suite 2500
Los Angeles, CA 90071
Attention: Alec G. Nedelman, Esq.

Each party shall make a reasonable, good faith effort to ensure that it will accept or receive Notices to it that are given in accordance with this paragraph. A party may change its address for purposes of this paragraph by giving the other party(ies) written notice of a new address in the manner set forth above.

16.10. Waiver. Any waiver of a default or provision under this Agreement must be in writing. No such waiver constitutes a waiver of any other default or provision concerning the same or any other provision of this Agreement. A consent to or approval of an act does not waive or render unnecessary the consent to or approval of any other or subsequent act.

16.11. Drafting Ambiguities. Each party to this Agreement and its legal counsel have reviewed and revised this Agreement. The rule of construction that ambiguities are to be resolved against the drafting party or in favor of the party receiving a particular benefit under an agreement may not be employed in the interpretation of this Agreement or any amendment to this Agreement.

16.12. Third Party Beneficiaries. Nothing in this Agreement is intended to confer any rights or remedies on any person or entity other than the parties to this Agreement and their respective successors-in-interest and permitted assignees, unless such rights are expressly granted in this Agreement to another person specifically identified as a "Third Party Beneficiary."

16.13. Copies of Additional Documents to be Furnished to City. In addition to any documentation required to be furnished to the City under the terms of the Leases, Borrower will furnish the City copies of any amendments to the Operating Agreement of Montgomery Field LLC, and annual certified balance sheets and income statements that may be required by Lender.

THE CITY:

THE CITY OF SAN DIEGO

By: Tracy R. Williams
Deputy Director, Airports Divisions

Approved as to form and legality
this 22nd day of December, 1999
 , City Attorney

By: Debra Y. Biser
Deputy City Attorney

LENDER:

FREMONT INVESTMENT & LOAN,
a California industrial loan association

By: _____
Its: _____

BORROWER:

MONTGOMERY FIELD LLC,
a California limited liability company

By: Levin Menzies Kelly & Associates LLC,
a California limited liability company,
its Manager

By: _____
_____, Manager

THE CITY:

THE CITY OF SAN DIEGO

By: _____

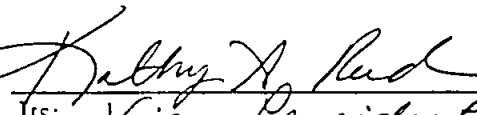
Deputy Director, Airports Divisions

Approved as to form and legality
this _____ day of December, 1999
_____, City Attorney

By: _____
Deputy City Attorney

LENDER:

FREMONT INVESTMENT & LOAN,
a California industrial loan association

By: 
Its: Vice President

BORROWER:

MONTGOMERY FIELD LLC,
a California limited liability company

By: Levin Menzies Kelly & Associates LLC,
a California limited liability company,
its Manager

By: _____
_____, Manager

THE CITY:

THE CITY OF SAN DIEGO

By: _____
_____,
Deputy Director, Airports Divisions

Approved as to form and legality
this _____ day of December, 1999
_____, City Attorney

By: _____
Deputy City Attorney

LENDER:

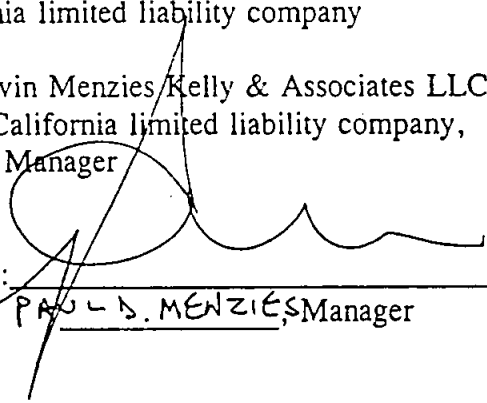
FREMONT INVESTMENT & LOAN,
a California industrial loan association

By: _____
Its: _____

BORROWER:

MONTGOMERY FIELD LLC,
a California limited liability company

By: Levin Menzies Kelly & Associates LLC,
a California limited liability company,
its Manager

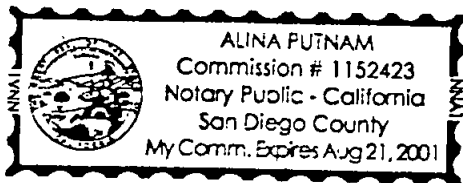
By: 

PAUL D. MENZIES, Manager

STATE OF CALIFORNIA)
) SS.
COUNTY OF San Diego)

On 12/22/99, before me, Alina Putnam, a Notary Public,
personally appeared Tracy L. Williams, and _____, personally
known to me (or proved to me on the basis of satisfactory evidence) to be the person whose
name is subscribed to the within instrument and acknowledged to me that he/she executed the
same in his/her authorized capacity, and that by his/her signature on the instrument the
person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

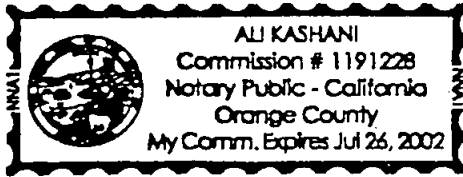


Alina Putnam
Notary Public

STATE OF CALIFORNIA)
) SS.
COUNTY OF Orange)

On 12/29/99, before me, Ali Kashani, a Notary Public,
personally appeared Kathy A. Reed, and _____, personally
known to me (or proved to me on the basis of satisfactory evidence) to be the person whose
name is subscribed to the within instrument and acknowledged to me that ~~he~~/she executed the
same in ~~his~~/her authorized capacity, and that by ~~his~~/her signature on the instrument the
person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



Ali Kashani
Notary Public

STATE OF CALIFORNIA)
) SS.
COUNTY OF CONTRA COSTA)

On 12/22/99, before me, Judith L. Daniels a Notary Public,
personally appeared Paul D. Menzies, and _____, personally
known to me (or proved to me on the basis of satisfactory evidence) to be the person whose
name is subscribed to the within instrument and acknowledged to me that he/she executed the
same in his/her authorized capacity, and that by his/her signature on the instrument the
person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

Judith L. Daniels
Notary Public

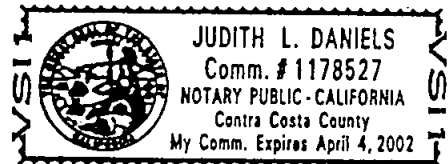


EXHIBIT "A"

LEGAL DESCRIPTION

GROUND LEASE II: PARCEL A:

THAT PORTION OF LOT 24 OF NEW RIVERSIDE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 679, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 11, 1891, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 24; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 24, SOUTH $89^{\circ} 22' 05''$ WEST, 37.00 FEET TO THE POINT CUSP WITH A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY FORMING A PORTION OF JOHN J. MONTGOMERY DRIVE; THENCE ALONG THE BOUNDARY OF SAID DRIVE AS FOLLOWS:

NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $90^{\circ} 00' 00''$ A DISTANCE OF 31.42 FEET; TANGENT TO SAID CURVE NORTH $00^{\circ} 37' 55''$ WEST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; AND NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $90^{\circ} 00' 00''$ A DISTANCE OF 31.42 FEET TO A POINT OF TANGENCY IN THE SOUTHERLY LINE OF GIBBS DRIVE; THENCE ALONG SAID SOUTHERLY LINE TANGENT TO SAID CURVE SOUTH $89^{\circ} 22' 05''$ WEST, 678.57 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID SOUTHERLY LINE SOUTH $89^{\circ} 22' 05''$ WEST, 550.57 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY FORMING A PORTION OF GLEN L. CURTIS DRIVE; THENCE ALONG THE BOUNDARY OF SAID DRIVE, LAST ABOVE REFERRED TO, AS FOLLOWS:

SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $90^{\circ} 00' 00''$ A DISTANCE OF 31.42 FEET; TANGENT TO SAID CURVE SOUTH $00^{\circ} 37' 55''$ EAST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY; AND SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $90^{\circ} 00' 00''$ A DISTANCE OF 31.42 FEET TO THE POINT OF TANGENCY IN THE SOUTHERLY LINE OF SAID LOT 24; THENCE ALONG SAID SOUTHERLY LINE, TANGENT TO SAID CURVE NORTH $89^{\circ} 22' 05''$ EAST, 550.57 FEET TO A LINE WHICH BEARS SOUTH $00^{\circ} 37' 55''$ EAST FROM THE TRUE POINT OF BEGINNING; THENCE NORTH $00^{\circ} 37' 55''$ WEST, 200.00 FEET TO THE TRUE POINT OF BEGINNING.

GROUND LEASE I: PARCEL B:

THAT PORTION OF LOT 24 OF NEW RIVERSIDE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 679, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 11, 1891, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 24; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 24, SOUTH $89^{\circ} 22' 05''$ WEST, 37.00 FEET TO A POINT OF CUSP WITH THE ARC OF A 20.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY AND BEING THE TRUE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $90^{\circ} 00' 00''$ A DISTANCE OF 31.42 FEET TO A POINT OF TANGENCY WITH THE WESTERLY LINE OF THE EASTERLY 17.00 FEET OF SAID LOT 24; THENCE ALONG SAID WESTERLY LINE, NORTH $00^{\circ} 37' 55''$ WEST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $90^{\circ} 00' 00''$ A DISTANCE OF 31.42 FEET; THENCE TANGENT TO SAID CURVE, SOUTH $89^{\circ} 22' 05''$ WEST, 678.57 FEET; THENCE SOUTH $00^{\circ} 37' 55''$ EAST 200.00 FEET TO THE SOUTHERLY LINE OF SAID LOT 24; THENCE ALONG SAID SOUTHERLY LINE, NORTH $89^{\circ} 22' 05''$ EAST, 678.57 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT "B"

THE LEASES AND ADDENDA

(1) Ground Lease I:

Addendum attached to the Lease adding certain provisions to Section IV, Paragraph C24.

(2) Ground Lease II:

Addendum attached to the Lease adding certain provisions to Section IV, Paragraph C24.

THE ABOVE REFERENCED LEASES ARE BEING INTENTIONALLY OMITTED DUE TO ILLEGABILITY.

Recorded at request of
Chicago Title

DOC# 1999-0841303

DEC 29, 1999 3:21 PM

JAN 21 1999

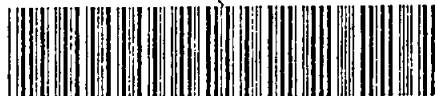
RECORDING REQUESTED BY
WHEN RECORDED MAIL TO:

8868

OFFICIAL RECORDS
SAN DIEGO COUNTY RECORDER'S OFFICE
GREGORY J. SMITH, COUNTY RECORDER

FEES: 42.00
WAY: 2

Montgomery Field LLC
1981 N. Broadway, Suite 415
Walnut Creek, CA 94596
Attn: Paul D. Menzies
93038215-413



1999-0841303

Above Space for Recorder's Use

ASSIGNMENT AND ASSUMPTION
OF GROUND LEASES

ASSIGNMENT AND ASSUMPTION OF GROUND LEASES, dated December 29, 1999, between SAN DIEGO HOSPITAL ASSOCIATION, a California nonprofit public benefit corporation ("Assignor"), and MONTGOMERY FIELD LLC, a California limited liability company ("Assignee").

ASSIGNMENT AND CONVEYANCE

For good and valuable consideration paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest as tenant in and to (i) that certain ground lease entitled "Flat Rate Lease" filed May 3, 1978, as Document No. 763376 in the Office of the City Clerk, San Diego, California, with attached addendum, and entered into between Montgomery Field One, a partnership, as lessee, and the City of San Diego, a municipal corporation, as lessor (the "Montgomery Field One Ground Lease"), and (ii) that certain Ground Lease entitled "Flat Rate Lease," filed July 31, 1979, as Document No. 766982, in the Office of the City Clerk, San Diego, California, with attached addendum, and entered into between Montgomery Field Two, a partnership, as lessee, and the City of San Diego, a municipal corporation, as lessor (the "Montgomery Field Two Ground Lease"). The Montgomery Field One Ground Lease and the Montgomery Field Two Ground Lease are referred to together herein as the "Ground Leases." Assignor also grants, transfers and conveys to Assignee all of its right, title and interest, if any, in and to all buildings and improvements located on the land covered by the Ground Leases. The Ground Leases cover that certain land located in San Diego, California, more particularly described in Schedule "1" attached hereto and made a part hereof. The Montgomery Field One Ground Lease was recorded March 20, 1979 in File/No. 79-115029 of Official Records of San Diego County, California. The Montgomery Field Two Ground Lease was recorded May 27, 1980, in File/No. 80-170706 of Official Records of San Diego, California ("Official Records").

DOCUMENT NO.

FILED

FEB 09 2000
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

12178011.1

ASSUMPTION

ASSIGNEE HEREBY ACCEPTS the foregoing assignment and assumes and agrees to perform all of the obligations of Assignor under the Ground Leases, accruing from and after the date hereof.

SUCCESSORS AND ASSIGNS

This Assignment and Assumption of Ground Leases shall be binding upon Assignor, Assignee and their respective successors and assigns.

ASSIGNEE FURTHER AGREES to defend and indemnify Assignor and any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other person or entity affiliated with Assignor (collectively, "Assignor's Affiliates") against, and to hold Assignor and Assignor's Affiliates harmless from, any and all claims, demands, cause of action, losses, damages, liabilities, and costs and expenses (including, without limitation, attorney's fees and disbursements), whether foreseen or unforeseen, asserted against or incurred by Assignor or any of Assignor's Affiliates in connection with or arising out of acts or omissions of Assignee or its directors, officers, employees, affiliates, partners, brokers, agents, contractors, consultants and/or representatives, or other matters or occurrences that take place, from and after the date hereof relating to either of the Ground Leases during Assignee's ownership of the Ground Leases.

ASSIGNOR FURTHER AGREES to defend and indemnify Assignee and any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other person or entity affiliated with Assignee (collectively, "Assignee's Affiliates") against, and to hold Assignee and Assignee's Affiliates harmless from, any and all claims, demands, cause of action, losses, damages, liabilities, and costs and expenses (including, without limitation, attorney's fees and disbursements), whether foreseen or unforeseen, asserted against or incurred by Assignee or any of Assignee's Affiliates in connection with or arising out of acts or omissions of Assignor or its directors, officers, employees, affiliates, partners, brokers, agents, contractors, consultants and/or representatives, or other matters or occurrences that took place during the period of Assignor's ownership of the Ground Leases.

Except for Assignor's representations, warranties, covenants and indemnities contained in that certain Purchase Agreement and Escrow Instructions Between San Diego Hospital Associate and Levin Menzies Kelly and Associates LLC, dated July 12, 1999 ("Purchase Agreement"), Assignor's fraud, and Assignor's indemnity described in the previous paragraph and in the Assignment of Leases executed between Assignor and Assignee as of the date hereof, Assignee hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Assignor or Assignor's Affiliates, and hereby unconditionally and irrevocably fully releases and discharges Assignor and Assignor's Affiliates from any and all liability whatsoever which may now or hereafter accrue in favor of Assignee against Assignor or Assignor's Affiliates, in connection with or arising out of the Ground Leases, but excluding any default, liabilities, claims and causes of action accruing prior to the date hereof under the terms and provisions of the Ground Leases.

Except as otherwise expressly provided in the Purchase Agreement or in this Assignment and Assumption of Ground Leases or the Assignment of Leases, this Assignment and Assumption of Ground Leases is made without any covenant, warranty or representation by, or recourse against, Assignor or Assignor's Affiliates of any kind whatsoever.

COUNTERPART

This Assignment and Assumption of Ground Leases may be executed in any number of counterparts, each of which, when so executed and when delivered, shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, this Assignment and Assumption of Ground Leases have been executed on the date and year first above written.

ASSIGNOR:

SAN DIEGO HOSPITAL ASSOCIATION,
a California nonprofit public benefit
corporation

By: _____

Name: _____

Title: _____

ASSIGNEE:

MONTGOMERY FIELD LLC, a California
limited liability company

By: _____

Name: MARVIN T. LEVIN

Title: MANAGER

STATE OF _____

)
)ss:
)

COUNTY OF _____

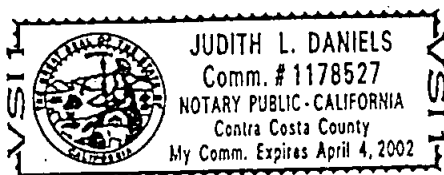
On _____, 19__, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary PublicSTATE OF CALIFORNIA)
)ss:
)COUNTY OF Contra Costa

On December 27, 1999, before me, Judith L. Daniels, Notary Public, personally appeared MARVIN T. LEVIN, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public*Judith L. Daniels*

SCHEDULE "1"

PARCEL A:

THAT PORTION OF LOT 24 OF NEW RIVERSIDE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 679, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 11, 1891, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 24; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 24, SOUTH 89° 22' 05" WEST, 37.00 FEET TO THE POINT CUSP WITH A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY FORMING A PORTION OF JOHN J. MONTGOMERY DRIVE; THENCE ALONG THE BOUNDARY OF SAID DRIVE AS FOLLOWS:

NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET; TANGENT TO SAID CURVE NORTH 00° 37' 55" WEST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; AND NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET TO A POINT OF TANGENCY IN THE SOUTHERLY LINE OF GIBBS DRIVE; THENCE ALONG SAID SOUTHERLY LINE TANGENT TO SAID CURVE SOUTH 89° 22' 05" WEST, 678.57 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID SOUTHERLY LINE SOUTH 89° 22' 05" WEST, 550.57 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY FORMING A PORTION OF GLEN L. CURTIS DRIVE; THENCE ALONG THE BOUNDARY OF SAID DRIVE, LAST ABOVE REFERRED TO, AS FOLLOWS:

SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET; TANGENT TO SAID CURVE SOUTH 00° 37' 55" EAST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY; AND SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET TO THE POINT OF TANGENCY IN THE SOUTHERLY LINE OF SAID LOT 24; THENCE ALONG SAID SOUTHERLY LINE, TANGENT TO SAID CURVE NORTH 89° 22' 05" EAST, 550.57 FEET TO A LINE WHICH BEARS SOUTH 00° 37' 55" EAST FROM THE TRUE POINT OF BEGINNING; THENCE NORTH 00° 37' 55" WEST, 200.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL B:

THAT PORTION OF LOT 24 OF NEW RIVERSIDE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 679, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 11, 1891, DESCRIBED AS FOLLOWS:

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8873

RECORDING REQUESTED BY)
WHEN RECORDED MAIL TO:)

Montgomery Field LLC)
1981 N. Broadway, Suite 415)
Walnut Creek, CA 94596)
Attn: Pane D. Menzies)

Above Space for Recorder's Use

ASSIGNMENT AND ASSUMPTION
OF GROUND LEASES

ASSIGNMENT AND ASSUMPTION OF GROUND LEASES, dated December 29, 1999, between SAN DIEGO HOSPITAL ASSOCIATION, a California nonprofit public benefit corporation ("Assignor"), and MONTGOMERY FIELD LLC, a California limited liability company ("Assignee").

ASSIGNMENT AND CONVEYANCE

For good and valuable consideration paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest as tenant in and to (i) that certain ground lease entitled "Flat Rate Lease" filed May 3, 1978, as Document No. 763376 in the Office of the City Clerk, San Diego, California, with attached addendum, and entered into between Montgomery Field One, a partnership, as lessee, and the City of San Diego, a municipal corporation, as lessor (the "Montgomery Field One Ground Lease"), and (ii) that certain Ground Lease entitled "Flat Rate Lease," filed July 31, 1979, as Document No. 766982, in the Office of the City Clerk, San Diego, California, with attached addendum, and entered into between Montgomery Field Two, a partnership, as lessee, and the City of San Diego, a municipal corporation, as lessor (the "Montgomery Field Two Ground Lease"). The Montgomery Field One Ground Lease and the Montgomery Field Two Ground Lease are referred to together herein as the "Ground Leases." Assignor also grants, transfers and conveys to Assignee all of its right, title and interest, if any, in and to all buildings and improvements located on the land covered by the Ground Leases. The Ground Leases cover that certain land located in San Diego, California, more particularly described in Schedule "1" attached hereto and made a part hereof. The Montgomery Field One Ground Lease was recorded March 20, 1979 in File/No. 79-115029 of Official Records of San Diego County, California. The Montgomery Field Two Ground Lease was recorded May 27, 1980, in File/No. 80-170706 of Official Records of San Diego, California ("Official Records").

ASSUMPTION

ASSIGNEE HEREBY ACCEPTS the foregoing assignment and assumes and agrees to perform all of the obligations of Assignor under the Ground Leases, accruing from and after the date hereof.

SUCCESSORS AND ASSIGNS

This Assignment and Assumption of Ground Leases shall be binding upon Assignor, Assignee and their respective successors and assigns.

ASSIGNEE FURTHER AGREES to defend and indemnify Assignor and any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other person or entity affiliated with Assignor (collectively, "Assignor's Affiliates") against, and to hold Assignor and Assignor's Affiliates harmless from, any and all claims, demands, cause of action, losses, damages, liabilities, and costs and expenses (including, without limitation, attorney's fees and disbursements), whether foreseen or unforeseen, asserted against or incurred by Assignor or any of Assignor's Affiliates in connection with or arising out of acts or omissions of Assignee or its directors, officers, employees, affiliates, partners, brokers, agents, contractors, consultants and/or representatives, or other matters or occurrences that take place, from and after the date hereof relating to either of the Ground Leases during Assignee's ownership of the Ground Leases.

ASSIGNOR FURTHER AGREES to defend and indemnify Assignee and any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other person or entity affiliated with Assignee (collectively, "Assignee's Affiliates") against, and to hold Assignee and Assignee's Affiliates harmless from, any and all claims, demands, cause of action, losses, damages, liabilities, and costs and expenses (including, without limitation, attorney's fees and disbursements), whether foreseen or unforeseen, asserted against or incurred by Assignee or any of Assignee's Affiliates in connection with or arising out of acts or omissions of Assignor or its directors, officers, employees, affiliates, partners, brokers, agents, contractors, consultants and/or representatives, or other matters or occurrences that took place during the period of Assignor's ownership of the Ground Leases.

Except for Assignor's representations, warranties, covenants and indemnities contained in that certain Purchase Agreement and Escrow Instructions Between San Diego Hospital Associate and Levin Menzies Kelly and Associates LLC, dated July 12, 1999 ("Purchase Agreement"), Assignor's fraud, and Assignor's indemnity described in the previous paragraph and in the Assignment of Leases executed between Assignor and Assignee as of the date hereof, Assignee hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Assignor or Assignor's Affiliates, and hereby unconditionally and irrevocably fully releases and discharges Assignor and Assignor's Affiliates from any and all liability whatsoever which may now or hereafter accrue in favor of Assignee against Assignor or Assignor's Affiliates, in connection with or arising out of the Ground Leases, but excluding any default, liabilities, claims and causes of action accruing prior to the date hereof under the terms and provisions of the Ground Leases.

Except as otherwise expressly provided in the Purchase Agreement or in this Assignment and Assumption of Ground Leases or the Assignment of Leases, this Assignment and Assumption of Ground Leases is made without any covenant, warranty or representation by, or recourse against, Assignor or Assignor's Affiliates of any kind whatsoever.

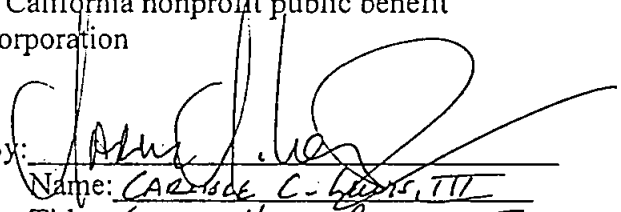
COUNTERPART

This Assignment and Assumption of Ground Leases may be executed in any number of counterparts, each of which, when so executed and when delivered, shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, this Assignment and Assumption of Ground Leases have been executed on the date and year first above written.

ASSIGNOR:

SAN DIEGO HOSPITAL ASSOCIATION,
a California nonprofit public benefit
corporation

By: 

Name: CARLOS C. LOPEZ, III

Title: SENIOR VICE PRESIDENT

ASSIGNEE:

MONTGOMERY FIELD LLC, a California
limited liability company

By: _____

Name: _____

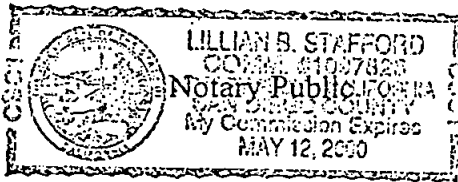
Title: _____

STATE OF California
 COUNTY OF San Diego

)
)ss:
)

On 12/23, 1999, before me, Lillian B Stafford, personally appeared Carlisle C. Lewis III, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.



Lillian B Stafford

STATE OF _____
 COUNTY OF _____

)
)ss:
)

On _____, 19____, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

SCHEDULE "1"

PARCEL A:

THAT PORTION OF LOT 24 OF NEW RIVERSIDE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 679, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 11, 1891, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 24; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 24, SOUTH 89° 22' 05" WEST, 37.00 FEET TO THE POINT CUSP WITH A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY FORMING A PORTION OF JOHN J. MONTGOMERY DRIVE; THENCE ALONG THE BOUNDARY OF SAID DRIVE AS FOLLOWS:

NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET; TANGENT TO SAID CURVE NORTH 00° 37' 55" WEST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; AND NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET TO A POINT OF TANGENCY IN THE SOUTHERLY LINE OF GIBBS DRIVE; THENCE ALONG SAID SOUTHERLY LINE TANGENT TO SAID CURVE SOUTH 89° 22' 05" WEST, 678.57 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID SOUTHERLY LINE SOUTH 89° 22' 05" WEST, 550.57 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY FORMING A PORTION OF GLEN L. CURTIS DRIVE; THENCE ALONG THE BOUNDARY OF SAID DRIVE, LAST ABOVE REFERRED TO, AS FOLLOWS:

SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET; TANGENT TO SAID CURVE SOUTH 00° 37' 55" EAST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY; AND SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET TO THE POINT OF TANGENCY IN THE SOUTHERLY LINE OF SAID LOT 24; THENCE ALONG SAID SOUTHERLY LINE, TANGENT TO SAID CURVE NORTH 89° 22' 05" EAST, 550.57 FEET TO A LINE WHICH BEARS SOUTH 00° 37' 55" EAST FROM THE TRUE POINT OF BEGINNING; THENCE NORTH 00° 37' 55" WEST, 200.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL B:

THAT PORTION OF LOT 24 OF NEW RIVERSIDE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 679, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 11, 1891, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 24; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 24, SOUTH 89° 22' 05" WEST, 37.00 FEET TO A POINT OF CUSP WITH THE ARC OF A 20.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY AND BEING THE TRUE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET TO A POINT OF TANGENCY WITH THE WESTERLY LINE OF THE EASTERLY 17.00 FEET OF SAID LOT 24; THENCE ALONG SAID WESTERLY LINE, NORTH 00° 37' 55" WEST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET; THENCE TANGENT TO SAID CURVE, SOUTH 89° 22' 05" WEST, 678.57 FEET; THENCE SOUTH 00° 37' 55" EAST 200.00 FEET TO THE SOUTHERLY LINE OF SAID LOT 24; THENCE ALONG SAID SOUTHERLY LINE, NORTH 89° 22' 05" EAST, 678.57 FEET TO THE TRUE POINT OF BEGINNING.

Carole Brock
for
jsi

(R-87-161)

RESOLUTION NUMBER R- 266357

ADOPTED ON AUG 11 1986

BE IT RESOLVED, by the Council of The City of San Diego, that the Mayor and City Clerk of said City be, and they are hereby authorized and empowered to execute, for and on behalf of The City of San Diego, a deed conveying to SAN DIEGO GAS & ELECTRIC COMPANY, a corporation, an easement for underground electrical facilities and appurtenances affecting City-owned portions of Lot 24, New Riverside, Map No. 679 (also known as a portion of Lot 7, Montgomery Field), as more particularly described in said deed on file in the office of the City Clerk as Document No. RR-_____.

APPROVED: John W. Witt, City Attorney

By *[Signature]*
Harold O. Valderhaug
Deputy City Attorney

HOV:ps
7/23/86
Job:253069
Or.Dept:Prop.
R-87-161
Form=r.esdge

SDG&E

CITY OF SAN DIEGO
CONSENT TO ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENTS
AND SECURITY DEPOSITS

The City of San Diego (CITY), as LESSOR, entered into long-term Lease Agreements, hereinafter named "the Leases", with Montgomery Field One and Montgomery Field Two, which were filed in the office of the City Clerk on May 3, 1978 as Document No. 763376 and on July 31, 1979 as Document No. 766982. Both leases were subsequently acquired by Kearny Mesa Realty, Inc. (LESSEE/ASSIGNOR) by Trustee's Sale.

CITY hereby consents to an assignment of the Leases from Kearny Mesa Realty, Inc. (LESSEE/ASSIGNOR) to San Diego Hospital Association (ASSIGNEE), in accordance with the terms and conditions set out in the Assignment and Assumption of Leases and Security Deposits, which are Exhibits "A" and "B" of the attached Sale-Purchase Agreement, dated November 16, 1993 with the following conditions:

The CITY is merely approving the Assignment and Assumption of the Leases and Security Deposits and all terms and conditions of the Leases shall control and supersede any inconsistency or contrary provisions in the attached Sale-Purchase Agreement. The CITY is not bound by any term or condition in the attached documents, which in any way conflicts with or is additional to the provisions of the Leases, except as otherwise approved herein.

In the event Assignor and Assignee do not complete the Sale and Assignment and Assumption of Leases and Security Deposits per the attached Sale-Purchase Agreement by February 1, 1994, City may at its sole discretion rescind this consent agreement by notifying ASSIGNOR and ASSIGNEE of the fact any time prior to the completion date.

THE CITY OF SAN DIEGO

Dated: Dec. 14/1993

By: [Signature]
Property Director

Approved as to form this 14 day of December, 1993

JOHN W. WITT, CITY ATTORNEY

By: [Signature]
Chief Deputy City Attorney

DOCUMENT NO. C-05221
FILED DEC 23 1993
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

CITY of SAN DIEGO
M E M O R A N D U M

FILE NO. :
DATE : February 27, 1992
TO : Honorable Mayor and Council Members
FROM : James L. Spotts Via Maureen A. Stapleton,
Assistant City Manager
SUBJECT : Assignment of Leases on Lots 6 and 7,
Montgomery Field, Council District 6

Montgomery Field One, a partnership between Donald Sammis and Ronald G. Wheatcroft, recently defaulted on its loan payments to Citicorp on the commercial center and office buildings located on Lots 6 and 7, Montgomery Field Airport.

In accordance with Paragraph IV, A. 3, of the lease agreements, Citicorp, as beneficiary, acquired the leasehold improvements and assumed the leases on December 5, 1991, through a trustee sale. Citicorp subsequently assigned both leases to Kearny Mesa Realty, Inc., its subsidiary, for management. These changes do not require Council action.

All lease rents have been brought up to date since Citicorp assumed the loans, and Kearny Mesa Realty opened an on-site office to improve the overall management of the buildings.

We expect these changes will be positive for the City and the tenants located on the premises.


James L. Spotts
Property Director

JLS:DLD:1mm

FIRST AMENDMENT TO AGREEMENT
FOR PROTECTION OF GROUND LEASE RIGHTS

RECEIVED
CITY CLERK'S OFFICE
CH

THIS FIRST AMENDMENT TO AGREEMENT FOR PROTECTION OF GROUND LEASE RIGHTS (the "Amendment") is entered into and effective as of October 01, 1988, by and between THE CITY OF SAN DIEGO, a municipal corporation (the "City"); MONTGOMERY FIELD, LTD., a California limited partnership ("Borrower"); and CITICORP REAL ESTATE, INC., a Delaware subsidiary of a national banking association ("Lender"), on the basis of the following facts:

R E C I T A L S

A. The City, Borrower and Lender have entered into an Agreement for Protection of Ground Lease Rights dated June 10, 1987, a copy of which is attached hereto as Exhibit "1" (the "Agreement").

B. Subject to the satisfaction of certain conditions, Lender anticipates increasing the amount of the Loan to Borrower by an amount up to \$600,000, pursuant to which the amount of the Loan would be \$11,700,000, the repayment of which shall be secured by the Leases and Borrower's interest in the Real Property (all defined terms being defined in the Agreement).

C. This Amendment is intended to provide Lender with protection with regard to its proposed security interest in the Leases and Borrower's interest in the Real Property.

A G R E E M E N T

IT IS HEREBY AGREED, on the basis of the foregoing facts and for valuable consideration, as follows:

1. Certification. The City and Borrower acknowledge and understand that Lender will rely upon the truth and accuracy of the statements set forth below. The City and Borrower certify to Lender that, to the best of their knowledge, each of the statements set forth below is true, correct, accurate and not subject to qualification.

1.1 Agreement. The statements set forth in and under Section 1, including all subparts, are true, correct, accurate and not subject to qualification as of the date of this Amendment.

2. Consent to Loan Increase. The City consents to (a) the making of an additional advance by Lender to Borrower in an amount up to \$600,000 (the "Loan Increase"); and (b) the granting by Borrower to or for the benefit of Lender of security interests in and to the Leases, Borrower's interest in the Real Property and other assets of Borrower to secure the Loan Increase.

769708
DOCUMENT NO, _____
FILED DEC 16 1988
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

3. Effect of Amendment. This Amendment shall only affect the Agreement as expressly stated herein. All provisions not altered by this Amendment remain in full force and effect, including, but not limited to, Sections 3 through 7, inclusive, of the Agreement.

IN WITNESS WHEREOF, this Amendment has been executed as of the day and year first above written.

"Lender"

CITICORP REAL ESTATE, INC.,
a Delaware subsidiary of a
national banking association

By


Gene Flood
Vice President

"Borrower"

MONTGOMERY FIELD, LTD., a
California limited partnership

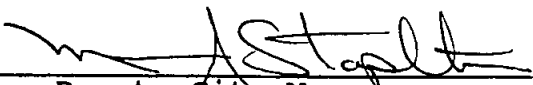
By


Donald W. Sammis
General Partner

"City"

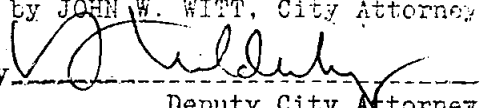
THE CITY OF SAN DIEGO,
a municipal corporation

By


Deputy City Manager

APPROVED as
to form by JOHN W. WITT, City Attorney

By


Deputy City Attorney



THE CITY OF

COPY SAN DIEGO

CITY ADMINISTRATION BUILDING • 202 C STREET • SAN DIEGO, CALIF. 92101

OFFICE OF THE
CITY MANAGER
236-6363

March 29, 1983

Donald F. Sammis
Sammis Properties
5030 Camino de la Siesta, Suite 100
San Diego, CA 92108

RE: Amendment to Development Plan - Montgomery Field One -
Lot 7, Montgomery Field.

Dear Mr. Sammis:

Please be advised that the Development Plan for Lot 7, Montgomery Field, City Clerk Document No. 766929, is hereby amended to delete the one-story building at the northeast corner of Aero Drive and Glenn Curtiss Road and substitute therefore a three-story office building with an underground parking garage (Building "D"). The approval of this amendment is subject to approval by the Environmental Quality Division of the City of San Diego. The Development Plan is further amended to extend the completion of these improvements to August 1, 1984.

Evidence of interim financing of the proposed construction as submitted by First Interstate Bank is hereby approved. Any ensuing lease encumbrance that may be required is subject to prior approval of the City Manager in accordance with Section A. 3. Right to Encumber of said lease agreement.

Very truly yours,

J. P. Fowler
John P. Fowler
Deputy City Manager

JPF:JLS:CAB:jn

cc: Deputy Director/Airports
Airport Supervisor, MYF

DOCUMENT NO. **768662**
FILED **APR 06 1983**

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

*Amended Development
Plan is Doc. 768663*



First Interstate Bank
of California
345 B Street
San Diego, CA 92101
714 231-2134

S. Kenneth Beeler
Assistant Vice President

January 28, 1983

RECEIVED
JAN 31 1983
Airports Division

Mr. Donald Sammis
The Sammis Group
5030 Camino de la Siesta
Suite 100
San Diego, CA 92108

Dear Don:

In accordance with our conversation yesterday relating to the income you have attained on buildings A, B, and C of Montgomery Field, we anticipate the receipt of plans for building D which you propose so we may assist you with an Interim Construction Loan for said building D.

Sincerely,

A handwritten signature in cursive script, appearing to read 'S. K. Beeler', written over the typed name.

S. K. Beeler
Assistant Vice President

RECEIVED
JAN 31 1983
Airports Division

P R O P E R T I E S

January 28, 1983

Ms. Carole Brock
Airport's Lease Administrator
City of San Diego
3750 John J. Montgomery Drive
San Diego, CA 92123

Dear Carole:

Per our phone conversation of this morning, please find enclosed:

- 1.) 2 sets of master site plans for Montgomery Field Building D.
- 2.) Letter of Intent from First Interstate Bank stating they will finance this project.

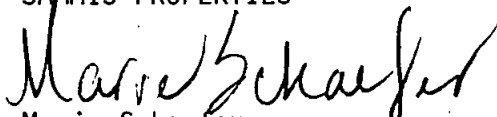
The estimated construction costs for building shell, including parking deck, is somewhere between \$3-\$3½ million. An additional \$720,000 will be spent for tenant improvements.

A schedule of construction will be approximately twelve months from the time of ground breaking to completion.

If there is any additional information you need, please do not hesitate to call me.

Sincerely,

SAMMIS PROPERTIES


Marie Schaefer
Secretary to Donald F. Sammis

/ms

enclosures



THE CITY OF

SAN DIEGO

CITY ADMINISTRATION BUILDING • 202 C STREET • SAN DIEGO, CALIF. 92101

OFFICE OF THE
CITY MANAGER
236-6363

February 5, 1981

File: Montgomery Field One
(Lot 7, Montgomery Field)

Donald F. Sammis
Lion Property Company
1660 North Hotel Circle Dr., Suite 200
San Diego, California 92108

Re: Amendment to Development Plan - Montgomery Field One - Lot 7,
Montgomery Field

Dear Mr. Sammis:

The concept explained in your letter dated December 17, 1980 is acceptable to the City.

Inasmuch as the proposed subterranean parking deck between Buildings A and C is located on your lease line separating Lots 6 and 7, an amendment combining your two leaseholds must be accomplished before approval can be given for construction of the deck.

Temporary parking can be made available on Lot 13, Montgomery Field. The area is unimproved and would require grading and temporary surfacing which would be at your expense.

Please submit your revised development plans and request for amendment to Carole Brock, Airports Lease Administrator, for processing.

Very truly yours,

JOHN P. FOWLER
Deputy City Manager

JPF/JLS/CAB/b1

cc: Deputy Director, Airports
Airports Lease Administrator

See 65 216432

RECEIVED
DEC 19 1980
Airports Division

RECEIVED
DEC 19 1980
PROPERTY DEPT.

December 17, 1980

Mr. Jim Gutzmer
Deputy Director
The City of San Diego
General Services Dept.
Airports Division
3750 John J. Montgomery Dr.
San Diego, CA 92123

Dear Jim:

This letter will represent the formal request of Montgomery Field Partnership (an affiliate of Lion Property Company), the entity that is leasing Lots 6 & 7 from the City of San Diego, to construct the final building on Lot 7. This building is identified as Building D.

We specifically request the City approve Lion's request to construct Building D as an exact twin to Buildings A & C. This shall be a 2-story garden atrium building of approximately 38,000 square feet. We have full plans and specifications of this building (which are the exact same as Buildings A & C); should you need to review them.

Enclosed is a site plan which describes the way we intend to locate the building on Lot 7. Note that on the site plan there is a subterranean parking deck shown between Buildings A & C, which would provide parking for 137 cars. In addition, we would expect to do some re-striping of the existing parking lot at the time that we build the structure to provide some compact car parking.

You will find attached to this letter a chart which depicts the code required parking and the parking that we think we actually need for the total project in order to meet market conditions.

At our last meeting we discussed with you the possibility of leasing from the City, for perhaps a 4 month period, a parcel of land upon which we can temporarily park cars that would be approximately 30,000 square feet in area. There are a number of different dimensions that we could work with but, as a guideline, a dimension of 100' x 300' would be perfectly satisfactory.

We would like to lease this ground at such time as we commence construction on the office building - which we anticipate might be April of 1981.

As we discussed at our meeting, what we would prefer to do is have you give your approval to Building D and make your approval subject to the City's final review of full plans and specifications concerning the parking structure. Once we have your approval in principle, we will go ahead and design the parking structure in its entirety. We anticipate the design of this structure might require 60-70 days time.

Thank you very much for your attention to this matter.

Very truly yours,

LION PROPERTY COMPANY

Donald F. Sammis

DFS:zas

Encs.

cc: Carole Brock
Airports Lease Administrator

Steve Bieri



THE CITY OF

SAN DIEGO

CITY ADMINISTRATION BUILDING • 202 C STREET • SAN DIEGO, CALIF. 92101

OFFICE OF THE
CITY MANAGER
236-6363

July 9, 1980

Sylvia Dodd
Real Estate Processor
United California Bank
P. O. Box 1347
San Diego, California 92112

Re: Interim Construction Loan - Lease Agreement - Montgomery Field
One (Lion Property Co.), Lot 7, Montgomery Field - Document
No. 766982

Dear Ms. Dodd:

In accordance with Section A.3. Right to Encumber of the above-referenced lease agreement, please be advised that the evidence of interim financing submitted with your letter dated May 29, 1980 for the construction of Building C on Lot 7, Montgomery Field is hereby approved.

Very truly yours,


JOHN P. FOWLER
Deputy City Manager

JPF:JLS:CAB:b1

cc: Deputy Director of Airports
Airport Supervisor, Montgomery Field

RECEIVED
CITY CLERK
JUL 10 1980
SAN DIEGO, CALIF.

DOCUMENT NO. 767805

FILED JUL 15 1980

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA



THE CITY OF

SAN DIEGO

CITY ADMINISTRATION BUILDING • 202 C STREET • SAN DIEGO, CALIF. 92101

OFFICE OF THE
CITY MANAGER
236-6363

August 8, 1980

File: Montgomery Field One
(Lot 7, Montgomery Field)

Donald F. Sammis
Lion Property Company
1660 North Hotel Circle Drive
Suite 200
San Diego, California 92108

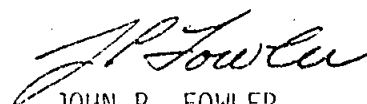
Re: Amendment to Development Plan - Montgomery Field One - Lot 7, Montgomery Field

Dear Mr. Sammis:

Please be advised that the Development Plan for Lot 7, Montgomery Field, City Clerk Document No. 766929, is hereby amended to extend completion of improvements to December 31, 1980.

In accordance with Paragraphs III. A. 1. and III. A. 2. of the Lease Agreement between the City and Montgomery Field One, Document No. 766982, rent will commence August 1, 1980 at the rate of \$1,882.50 per month.

Very truly yours,


JOHN P. FOWLER
Deputy City Manager

JPF:JLS:CAB

cc: Deputy Director/Airports
Airport Supervisor/Montgomery Field

DOCUMENT NO. 7678-13
FILED AUG 20 1980
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA



THE CITY OF

SAN DIEGO

CITY ADMINISTRATION BUILDING • 202 C STREET • SAN DIEGO, CALIF 92101

Q 16
6/22

OFFICE OF THE
CITY MANAGER
236-6363

May 5, 1980

File: Montgomery Field One
Lots 6 and 7

Donald F. Sammis
Lion Property Company
1660 N. Hotel Circle Drive, Suite 200
San Diego, CA 92108

Re: Lease Agreements - Montgomery Field One
Lot 6, Document 763376; Lot 7, Document 766982

Dear Mr. Sammis:

Receipt is hereby acknowledged of a copy of Amendment No. 4 to the Montgomery Field One Partnership Agreement, whereby Ronald G. Wheatcroft, general partner, assigned his interest equally to Donald F. Sammis and Douglas O. Allred, remaining general partners. Said Amendment also indicates that the remaining general partners, Messrs. Sammis and Allred, "agree to be bound by the Certificate and Agreement of Limited Partnership of MONTGOMERY FIELD ONE PARTNERSHIP." Our interpretation of this statement is that the remaining general partners will continue to be liable for maintenance of the above-referenced lease agreements with the City.

On the basis of such a statement in the Amendment, the deletion of Mr. Wheatcroft from the partnership is hereby approved. Any further changes in the partnership will require City Manager approval.

Very truly yours,

JOHN P. FOWLER
Deputy City Manager

JPF/JLS/CAB/b

APPROVED as to form and legality this 14 day of May 1980.

cc: Airports Supt.
Airport Supv., Montgomery Field
Account Clerk
Auditor, Attn: Roy Quon
County Assessor

JOHN W. WITT, City Attorney

By Deputy City Attorney

STATE OF CALIFORNIA,)
) SS.
COUNTY OF SAN DIEGO)

On May 14, 1980 before me, Jane E. Humes,

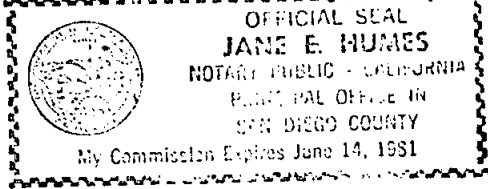
a Notary Public in and for said County and State, personally appeared

J. P. Fowler, Deputy City Manager,

known to me to be the person whose name is is/are subscribed to the within
instrument and acknowledged that he executed the same.

WITNESS my hand and official seal.

(Insert Notary Stamp below)



Jane E. Humes
Notary Public in and for said San Diego County,
State of California



THE CITY OF

SAN DIEGO

CITY ADMINISTRATION BUILDING • 202 C STREET • SAN DIEGO, CALIF. 92101

OFFICE OF THE
CITY MANAGER
236-6363

February 26, 1980

File: Montgomery Field One
(Lot 7, Montgomery Field)

Richard W. Killion
Vice President, Finance
Lion Property Company
1660 N. Hotel Circle Dr., Suite 200
San Diego, CA. 92108

Re: Name Change - Lease Agreement - Lot 7, Montgomery Field
(Document No. 766982)

Dear Mr. Killion:

Your request for a name change of the lessee on the above-referenced lease agreement from Montgomery Field Two to Montgomery Field One, a limited partnership, is hereby approved. This approval is granted with the understanding that the general partners remain the same, that of Donald F. Sammis, Douglas O. Allred and Ronald G. Wheatcroft.

Very truly yours,

John P. Fowler
Deputy City Manager

JPF:JLS:CAB:cm

cc: Airports Manager
Airport Supervisor, Montgomery Field
Account Clerk
Auditor
County Assessor

APPROVED as to form and legality this 3 day of March, 1980.

JOHN W. WITT, City Attorney

By

Deputy

DOCUMENT NO. 767603

FILED MAR 10 1980

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

STATE OF CALIFORNIA,)
) SS.
COUNTY OF SAN DIEGO.)

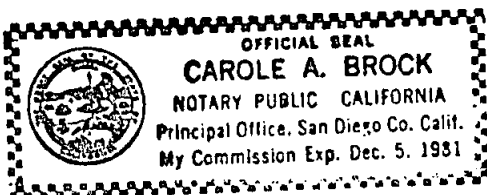
On March 7, 1980, before me, the
undersigned, a Notary Public in and for said County and
State, residing therein, duly commissioned and sworn,
personally appeared JOHN P. FOWLER,
known to me to be the DEPUTY
City Manager of The City of San Diego, the municipal
corporation that executed the within instrument, and
known to me to be the person who executed the within
instrument on behalf of the municipal corporation therein
named, and acknowledged to me that such municipal corpo-
ration executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and
official seal, in the County of San Diego, State of
California, the day and year in this certificate first
above written.

(Insert Notary
Stamp below)



Notary Public in and for said San Diego County,
State of California.





THE CITY OF

SAN DIEGO

CITY ADMINISTRATION BUILDING • 202 C STREET • SAN DIEGO, CALIF. 92101

OFFICE OF THE
CITY MANAGER
236-6363

July 26, 1979

File: Leases - Montgomery Field Two

Donald F. Sammis
Lion Property Company
1660 N. Hotel Circle Dr., Ste. 200
San Diego, CA 92108

Re: Exercise of Option to Lease - Lot 7, Montgomery Field

Dear Mr. Sammis:

The drawings submitted with your letter dated April 12, 1979, for the development of Lot 7, Montgomery Field are hereby approved as submitted, reserving the right to approve building plans for the one-story building shown on the Site Plan at the Northeast corner of Aero Drive and Curtiss Road. Further, prior to issuance of any building permits, the City Manager will require submittal to his satisfaction of additional elements of the plan required under Section B. 8. Development of the Lease Agreement, i.e. "design, materials of construction, elevations and colors of all structures, the plot plan of all structures and above-ground improvements, the uses of all facilities, the schedule of development, the estimated construction costs and financing plan."

In accordance with Section B. 7. Construction Bond, you will be required to file with the City evidence of security for performance in the amount of 100% of the construction costs prior to the commencement of any construction.

Evidence of interim financing of the proposed construction as submitted by United California Bank is hereby approved. Any ensuing lease encumbrance that may be required is subject to prior approval of the City Manager in accordance with Section A. 3. Right to Encumber of said Lease Agreement.

Very truly yours,


Coleman Conrad
Deputy City Manager

CC/JLS/CAB/jvs

RESOLUTION No. 221041

(R- 78-2022)

Adopted on JUN 5 1978

BE IT RESOLVED, by the Council of The City of San Diego as follows:

That the City Manager be, and he is hereby authorized and empowered to execute, for and on behalf of said City, a one-year option agreement with Montgomery Field Two, a limited partnership, to obtain a 55-year lease of Lot 7, Montgomery Field Airport, with an appraised value of \$251,000 as of April 25, 1977, for the purpose of construction, operation and maintenance of a commercial and light industrial office complex, under the terms and conditions set forth in the agreement on file in the office of the City Clerk as Document No. 763377.

APPROVED: JOHN W. WITT, City Attorney

By Eugene P. Gordon
Eugene P. Gordon, Deputy

EPG:db
4-20-78
Or.Dept.: DOT-Airports
730

All asterisked fields
must have data entered,
other fields are optional.

JOB ASSIGNMENT
PROPERTY MANAGEMENT

Mo / Da / Yr
8.* 06/07/84
DATE ASSIGNED

1.* JOB NO. 253034

2.* AGENT: C. A. BROCK
(Initials, Last Name) (20)

6.* JOB TYPE: LEASE-LS; PERMIT-PR; AMNDMNT-AM; SUB LSE-SL; AUDIT-AD; INSPCTN-IN;

OTHER-OT: 7. PLAN APPL (20)

9.* 08/01/84
DATE DUE

10.* CLIENT: MONTGOMERY FIELD ONE
(Lessee, Benefitting Person, Agency, Requesting Authority, Etc.) (34)

11. PROJ.
NAME:

(Job Title, Common Name, Facility No., CIP No., Other, Etc.)

12. AREA: LOT 7, MONT. FLD.
(Street Address, Short Legal

Descriptn, Thomas Bros. Map Coord., Site No., Etc.) (45)

14. PRIORITY (Circle One)

P1. Due Date Firm

P3. Supv. Adj.

15. RPRT DSTRBTN

R1. Director Attn.

P2. Director Adj.

P4. Agnt. Adj.

Other: ---

13. 20/12
OPN ACCT.

5. 10
EST. WORK. HRS.

☐ Aviation
☒ Non Aviation

20. COMMENTS: Amendment to development plan to
construct underground parking structure,
new financing & schedule of construction.

SUPV. INT. C.A.B.

21. AGENT'S LOG:

RECEIVED

JUN 07 1984

PROPERTY DEPT.

Comments Con't
on Back. ☐

19. FILE LOC.: Montgomery Field One
(50)

3. COMPLETION STATUS (Circle)

S1. Complete

S2. Abandoned

S3. Transferred

Carole Brock
Supervisor Signature

Mo / Da / Yr
07/03/84

18. Job Completion
Date



THE CITY OF

SAN DIEGO

CITY ADMINISTRATION BUILDING • 202 C STREET • SAN DIEGO, CALIF. 92101

OFFICE OF THE
CITY MANAGER
236-6363

June 14, 1984

File: Montgomery Field One,
Lot 7

George W. Cable, Project Manager/Finance
Sammis Properties
5030 Camino de la Siesta, Suite 100
San Diego, CA 92108

RE: Amendment to Development Plan - Montgomery Field One,
Lot 7, Montgomery Field

Dear Mr. Cable:

Please be advised that the Development Plan for Lot 7, Montgomery Field, City Clerk Document No. 766929, is hereby amended to extend completion of construction of the three-story office building (Building "D") and underground parking garage to September 30, 1985.

Also, in accordance with Section A.3. Right to Encumber of your lease agreement (Document 766982), please be advised that the evidence of financing submitted with your letter dated June 6, 1984 for the construction of Building D and the underground parking garage is hereby approved.

Very truly yours,

15/ John P. Fowler
6/21/84
John P. Fowler
Deputy City Manager

JPF/JLS/CAB/jn

cc: Deputy Director/Airports
Airport Supervisor/MYF

Doc. No. 768968
filed 6-21-84



June 8, 1984

Ms. Carole Brock
City of San Diego
3750 John J. Montgomery Drive
San Diego, California 92123

Re: Development Plan - Montgomery Field One
Lot 7, Montgomery Field

Dear Carole:

This letter is for the purpose of requesting an amendment to the above referenced Development Plan which calls for completion of Building "D" (a three story office building and parking garage) by August 1, 1984.

Due to market conditions beyond our control we have been delayed in starting the subject project. Our intended construction schedule is as follows:

Construction
Overview:

We intend to start the subterranean parking structure first using the dirt removed for the pad of the office building. The construction of the office building would proceed upon substantial completion of the garage structure.

Commencement of
Construction:

- A) Parking Structure
Immediately after obtaining the building permit from the City and your approvals via the ground lease. (We anticipate the building permit from the City in the next 15-20 days) - by June 30th, 1984.
- B) Office Structure
Approximately 3 months later - by September 30th, 1984.

Ms. Carole Brock
June 8, 1984
Page 2

Construction
Completion: 12 Months from commencement - September 30, 1985
of office building.

Since we have a financing committment from John Burnham Company, we do not anticipate any other delays and respectfully request that you amend the subject Development Plan for the completion of the Building "D" improvements to October 30, 1985.

Yours very truly,

SAMMIS PROPERTIES

George W. Cable, Jr.
George W. Cable
Project Manager/Finance

GWC:pk



June 6, 1984

RECEIVED
JUN 06 1984
Airports Division

Ms. Carole Brock
City of San Diego
3750 John J. Montgomery Drive
San Diego, California 92123

Re: Development Plan - Montgomery Field One/Lot 7, Montgomery Field
Evidence of interim financing and estimate of costs

Dear Carole:

We have previously received your approval of our financing plan for Building "D" (City of San Diego letter dated March 29, 1983) whereby First Interstate Bank was to be our construction lender.

We hereby request the substitution of the John Burnham Company as construction lender for the subject project.

Attached is the loan commitment. You will note that the construction loan amount is \$4,700,000 which covers 100% of our projected cost for the subject office Building "D" improvements.

Estimate
of Costs:

Our construction department has established the costs on approximately 60,000 square feet for office Building "D" and parking garage as follows:

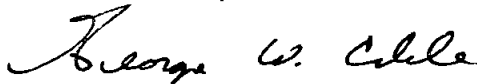
Shell cost of the building (60,000 SF x \$44.00 PSF)	- \$2,680,000
Parking structure (40,000 SF x \$18.75 PSF)	- 750,000
Tenant improvements (60,000 SF x \$12.00 PSF)	- 720,000
Indirect costs (Lease commissions, financing and contingency)	- <u>580,000</u>
Estimated total cost	- \$4,700,000

Ms. Carole Brock
June 6, 1984
Page 2

The office building will be of steel frame construction with a glass and off white color exterior. As our attached plans show, the parking structure will be below grade between the existing office Building "C" and the to-be-built three story office Building "D".

Your very truly,

SAMMIS PROPERTIES

A handwritten signature in cursive script, appearing to read "George W. Cable".

George W. Cable
Project Manager/Finance

GWC:pk



HOME OFFICE: Burnham Building / Street Address: 1555 Sixth Avenue / Mailing Address: Post Office Box 2910 / San Diego, California 92112 / Telephone: (619) 236-1555

INSURANCE / REAL ESTATE / MORTGAGES / PROPERTY MANAGEMENT

November 22, 1983

Mr. Donald F. Sammis
5030 Camino de la Siesta, Suite 100
San Diego, CA 92108

RE: CONSTRUCTION LOAN COMMITMENT - MONTGOMERY FIELD LIMITED
OFFICE/COMMERCIAL COMPLEX, AERO DRIVE, SAN DIEGO, CALIFORNIA

Gentlemen:

This letter is to inform you that John Burnham & Company, in participation with Old Stone Bank, (hereinafter collectively referred to as "Lender") hereby agrees to make a construction loan to Montgomery Field Limited, a to be formed California limited partnership comprised of the below mentioned mortgagor.

The purpose of the loan is to finance three existing buildings and to construct an office building containing 60,830 square feet of net rentable area on the north side of Aero Drive, San Diego, California. The general terms of the commitment shall be as follows:

1. MORTGAGOR MONTGOMERY FIELD LIMITED, a California limited partnership comprised of Donald F. Sammis, as general partner, with a minimum 19% general partnership interest, and Sammis Properties Corporation, as general partner with a minimum 24% general partnership interest, and each of these respective entities having a minimum of 1/2 of 1% limited partnership interest (hereinafter sometimes called the "Mortgagor").
2. GUARANTOR Donald F. Sammis shall unconditionally guarantee completion, interest and repayment of the loan.
3. AMOUNT The total loan will be \$10,000,000 at First Interstate Bank of California Prime + 2% plus a \$78,250 fee for a term of 18 months.

Upon closing of the loan and 80% occupancy of the existing net rentable area (defined as generating \$877,668 gross income), a maximum of \$5,300,000 shall be funded on the existing improvements.
4. INTEREST Interest only will be payable in arrears on the sums actually advanced, calculated on the basis of a 365 day year and the actual number of days in each month. In no event will lender receive or charge interest in excess of that allowed by California law.

Montgomery Field Limited
November 22, 1983
Page 2

5. LOAN TERM The primary term of this loan will be 18 months. Two six-month extensions will be available for which Lender will receive a \$50,000 fee for each extension.

6. PREPAYMENT PRIVILEGE The Mortgagor will be permitted to prepay the loan in full, but not in part, on any regular interest payment date and upon not less than 60 days' and no more than 90 days' prior written notice. Upon prepayment, the mortgagor will forfeit all fees paid to Lender (excluding any refundable fees already returned to Mortgagor), including all fees paid in conjunction with the intermediate loan commitment dated October 7, 1983.

Conversion to the intermediate loan does not constitute prepayment.

7. LOAN FEES Upon acceptance of this commitment, the borrower will pay to Lender \$78,250.

8. SECURITY The loan will be secured by a first Deed of Trust lien on the leasehold estate and all present and future improvements constructed thereon. The land consists of approximately 253,475 square feet located on the north side of Aero Drive between Glen L. Curtiss Road and John Montgomery Drive (Lots 6 and 7 of Montgomery Field in San Diego County, California). The improvements shall consist of three office buildings and a commercial building as follows:

	<u>COMPLETED</u>	<u>GROSS S.F.</u>	<u>N.R.A.</u>
Office A	1979	41,768	38,040
Commercial B	1979	22,177	21,226
Office C	1979	41,768	38,453
Office D	Proposed	69,954	60,830

Offices A and C are two-story buildings of steel and wood frame and concrete tilt-up construction with glass and textured cedar siding. Commercial B is a single-story with wood frame construction and stucco veneer finish. Office D shall be a three-story elevated building over a 45,000 square foot subterranean parking garage. Construction shall be high quality steel frame with marblecrete exterior skin per the plans and specifications approved by Lender.

9. CLOSING DOCUMENTS, TITLE POLICY, AND RELATED MATTERS All closing documents will be in form and substance satisfactory to Lender and legal counsel. In addition to those legal documents specified herein, Lender will be furnished with such additional documents,

Montgomery Field Limited
November 22, 1983
Page 3

certifications, and opinions as legal counsel may reasonably require. Title to the property, the legal description, survey and other matters relating thereto, must be in form and substance satisfactory to Lender.

10. TITLE INSURANCE

The Borrower will furnish Lender at Borrower's expense, a standard California Title Policy of Mortgagee's Insurance containing no exceptions other than those approved by Lender, issued by a company acceptable to Lender.

11. LEGAL OPINION

Borrower will furnish an opinion of Borrower's Counsel that the loan documents have been duly authorized, executed and delivered by Borrower and constitute valid and binding obligations of Borrower. In accordance with their respective terms, the opinion shall cover such other matters as may be deemed necessary or desirable by Lender's legal counsel. Lender shall also be furnished with such other documentation as may be required to evidence the status, organization and authority of the Borrower.

12. SURVEY

Borrower will furnish Lender, at borrower's expense, an up-to-date engineer's survey of the property, acceptable to Lender and the title company insuring title, certified in a manner satisfactory to Lender and the title company, showing the building "as proposed" and further "as built" on the property and showing no state of facts objectionable to Lender or the title company. Specifically, the survey will show that the proposed building is within the lot and building lines, and must locate all above or below ground easements, improvements, appurtenances, utilities rights-of-way, and points of ingress and egress. Lender reserves the right to require an additional survey upon completion of the property.

13. TAXES

Before the disbursement of any loan proceeds, the Borrower must pay all outstanding taxes, assessments, and other governmental charges or liens, and any such taxes, assessments, charges and liens which are known to become due prior to the initial disbursement of loan proceeds.

14. INSURANCE

The project shall be insured by such policies of hazard insurance, in such amounts as Lender may reasonably require, and in the case of the construction loan the

Montgomery Field Limited
November 22, 1983
Page 4

policy shall be issued in builder's risk form, including all and insuring all risks. The Borrower shall also maintain in force throughout the term of the loan such public liability and workmen's compensation insurance as Lender may reasonably require. All such insurance shall carry, where appropriate, a loss payable clause in favor of Lender, and shall be issued by acceptable companies. Borrower shall furnish either: (a) evidence that flood insurance, required by and obtained through the National Flood Insurance Program, has been obtained by the Borrower and is sufficient to cover any damage which may be reasonably anticipated in the event of a flood; or (b) satisfactory evidence that flood insurance is not required for the project.

15. EARTHQUAKE
CLEARANCE

Lender will require a letter from the building's architect certifying that the existing buildings and the proposed structure are designed to withstand tremor or quake as set forth in any applicable building codes, or a letter of opinion from a licensed engineering geologist containing his evaluation of the seismic risk of the specific site, and specifically, that the subject site is not immediately proximate to any known fault line. This opinion shall be received and approved by Lender prior to the commencement of construction.

16. GENERAL
CONTRACTOR

The general contractor shall (a) be approved by Lender and (b) subject to Lender's prior approval and at its option, be covered by a performance and payment bond in satisfactory form and substance.

17. CONSTRUCTION
WORK AND
CONSTRUCTION
INSPECTOR

Prior to the start of construction, you are to submit to Lender for approval, final working plans and specifications which must be in substantial agreement with the preliminary information and description accompanying your application for a loan. Lender has the right to approve any amendments or change orders to such plans and specifications throughout the term of the loan. If applicable, prior to the conversion of the initial interest rate to any other interest rate, all construction work must be completed in accordance with final plans and specifications approved by Lender, satisfactory proof must be submitted to Lender showing that such work has been completely paid for (other than items which are in good faith being disputed and with regard to which deposits have been made with Lender or we have been given such other assurances as Lender may require to assure eventual payment of any such amount)

Montgomery Field Limited
November 22, 1983
Page 5

and that the improvements on the property are ready for occupancy and comply with all ordinances, building codes, zoning requirements and other applicable governmental requirements. Inspections by Lender's designated representatives or employees will be permitted during the construction period and during the life of this loan, and completion of the construction must be satisfactory to Lender's engineer or any independent inspector Lender designates. Independent inspections will include, but not be limited to, regular monthly inspections during the construction period, and review of plans, specifications, and related amendments or modifications. The first \$5,000 in cost for said inspections and reviews is included as part of the John Burnham & Company loan fee. Thereafter, the cost shall be paid by borrower.

18. ASSIGNMENT
OF RENTS
AND LEASES

The Borrower shall furnish a collateral assignment of all rents to be derived from the project and a specific assignment of all tenant leases, together with such estoppel letters, subordination agreements or affidavits of the parties in possession and other related documents as Lender may reasonably require. All leases must be submitted to Lender for written approval prior to closing. Lender will not permit any disbursements under the construction loan until such time as Lender has received and approved satisfactory signed leases for 80% of the net rentable area of the existing premises as herein before defined. All leases must be subordinated to Lender's lien unless otherwise specified. Lender may require specific leases to be made superior to its lien. Any standard lease forms to be used must be submitted to Lender for prior approval.

19. CONSTRUCTION
DISBURSEMENTS

Lender agrees to make disbursements during the construction period subject to the terms of the building loan agreement to be executed by all parties, detailing the terms of the construction loan. The following are its general terms:

- a. borrower will furnish a development budget, plans and specifications satisfactory to Lender;
- b. prior to the initial disbursement of loan proceeds the borrower will supply satisfactory evidence that it has expended on the cost of the project an amount equal to the difference between the amount of the loan and the total development costs to be paid, as shown in the development budget approved by Lender;

Montgomery Field Limited
November 22, 1983
Page 6

- c. the borrower will furnish general construction contracts and all major subcontracts at the time of closing, which contracts must be satisfactory to Lender;
- d. borrower will provide a schedule of estimated monthly disbursements, which must be updated each month and accompany each disbursement request;
- e. no disbursement will be made if the loan is in default;
- f. prior to each disbursement a satisfactory updated endorsement to the title insurance policy is to be issued;
- g. Lender will require monthly inspections during construction by Lender's representative or designee to be selected by Lender, the cost of such inspections to be borne by the borrower.

20. NO SECONDARY
FINANCING

The loan documents will provide that at no time during the life of the loan will any interest in the property be further encumbered, sold or otherwise alienated by any lien other than the lien of the deed of trust contemplated herein without Lender's prior written approval.

21. COSTS

The borrower agrees to pay all costs incidental to this transaction, including, but without limitation the following: title insurance, borrower's attorney's fees, lender's attorney's fees, recording fees, survey costs, engineering fees, inspection fees, and any and all other incidental expenses.

22. NO ASSIGNMENT

This commitment may not be assigned by the borrower to any other party or parties unless specifically approved in writing by Lender prior to assignment.

23. MISCELLANEOUS
CONDITIONS

The loan contemplated by this commitment will be subject to satisfaction of the following conditions prior to the initial funding:

- A. A satisfactory credit check on the general contractor.
- B. Satisfactory bonding arrangements for the general contractor or any subcontractor Lender may designate.

Montgomery Field Limited
November 22, 1983
Page 7

- C Review and approval by Lender of the full construction budget to include not only the construction contract but also a breakdown of all soft costs, i.e., fees, interest, architect, engineering, etc.
- D A copy of the finalized construction contract (including cost and breakdown for shell) specifically identifying the type of tenant improvements to be provided for the subject project and the cost of said improvements on a per square foot basis.
- E A copy of the Soils Report and evidence that the developer/contractor has complied with the recommendations of the report.
- F This commitment is subject to the acceptance of the attached Intermediate Mortgage Loan commitment dated October 7, 1983.

24. LEASING

80% of the net rentable area (gross income of \$877,668) must be leased under leases satisfactory to Lender prior to the closing of this loan and the initial disbursement of \$5,300,000. These leases must be accompanied by such other documentation as Lender's legal counsel may require.

25. ESTOPPEL
LETTERS

Prior to the initial funding, Lender shall receive from each of the lessees (and the guarantor of the lease, if any) a notarized written statement that, as of the date of funding:

- a all work has been completed and the premises are accepted as satisfactory;
- b the lessee is in full and complete possession, stating the date on which rent commenced to accrue and the date to which it is paid (which should not be more than one month in advance and not in default);
- c the lease is in full force and effect, and has not been amended, modified or superceded;
- d the lessee has received no notice of any sale, transfer, pledge, or assignment of the lease or the rentals by the lessor (excepting assignment to Lender);
- e the lessee has not advanced any amounts to or on behalf of the lessor under the lease, for which advance it has not been reimbursed;

Montgomery Field Limited
November 22, 1983
Page 8

- f. the lessee holds no claim against the lessor which might be set off against accruing rentals;
- g. the lessee understands that the lease has been collaterally assigned to the Lender as security for a loan to the Borrower and the rent may not be prepaid nor the lease amended, modified, or superceded without the Lender's written approval.

26. COLLATERAL
ASSIGNMENT
OF RENTS
MANAGEMENTS

Lender is to receive in satisfactory form and contents collateral assignment of mortgagor's interest in all rents and management of the secured premises. This assignment shall provide for exercise only in the event of default under the terms of the Note and/or mortgage document, and shall grant the mortgagee the right but not the obligation to perform as lessor and/or management.

27. BANKRUPTCY

This commitment will be void, at Lender's sole option, if the Borrower or any partner commits an act of bankruptcy, or a proceeding is commenced against the Borrower or any partner under any bankruptcy or insolvency law.

28. WAIVERS

Lender reserves the right at its sole option to waive compliance by you with any of the conditions or covenants to be performed under this commitment.

29. EXPIRATION

The initial funding of this loan shall be at a time convenient to lender on or before December 15, 1983. Lender's obligation to make construction loan disbursements shall expire unless substantial construction of the proposed improvements shall have actually commenced on or before June 30, 1984. If construction has commenced by said date, the terms of this commitment shall remain in effect until June 15, 1985.

30. ACCEPTANCE OF
COMMITMENT

This commitment will expire unless executed and returned to us on or before November 30, 1983. We acknowledge receipt of \$40,000 of the \$78,250 construction loan fee in your November 3, 1983, Check No. 5602528 for \$350,000 drawn on First Interstate Bank. (See Section 28A of the INTERMEDIATE Loan Commitment for details.)

The remaining \$38,250 of the commitment fee for the CONSTRUCTION Loan will be paid partially in cash on or before December 15, 1983, and a portion will be deferred until June 30, 1984, or the second disbursement of the CONSTRUCTION Loan (\$4,700,000), whichever first occurs. (See Section 28B of the INTERMEDIATE Loan Commitment for specific details.)

Montgomery Field Limited
November 22, 1983
Page 9

31. TIME OF THE
ESSENCE

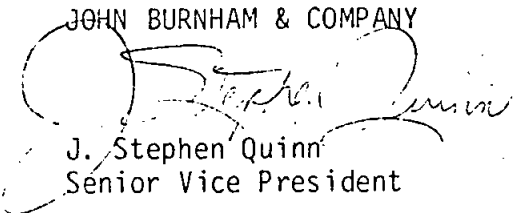
It is understood by the parties hereto that time is of the essence on this agreement, and therefore that no extension hereof shall be granted as a matter of course, and that such extensions, if any, as Lender may grant shall be conditioned upon such terms and conditions as Lender may see fit to impose taking into consideration not only the terms of the commitment, but also general market conditions and any other factors which Lender may consider pertinent.

This commitment contemplates that the closing of the construction loan by John Burnham & Company and the sale of a participating interest to Old Stone Bank shall be concurrent. John Burnham & Company is a licensed Real Estate Broker and is arranging said construction loan which is to be secured by a first lien on real property. Old Stone Bank is the principal source of funds for the loan and John Burnham & Company will act as loan administrator and servicing agent for Old Stone Bank.

Since issuance of this loan commitment by John Burnham & Company is made solely in reliance upon Old Stone Bank's commitment to participate in said loan with John Burnham & Company, all conditions of this commitment are subject to the final review, approval and satisfaction of Old Stone Bank. In the event Old Stone Bank declines or fails to approve its participation in said loan, John Burnham & Company will be under no obligation whatsoever with regard to this commitment and said commitment shall be null and void and of no further force and effect.

Sincerely,

JOHN BURNHAM & COMPANY


J. Stephen Quinn
Senior Vice President

JSQ/cs

The terms and conditions of this commitment are approved and accepted as stated herein without amendment or modification.

Date _____

Donald F. Sammis, Individually and
as General Partner of
Montgomery Field Limited
(a to-be-formed California
limited partnership)



June 6, 1984

RECEIVED
JUN 06 1984
Airports Division

Ms. Carole Brock
City of San Diego
3750 John J. Montgomery Drive
San Diego, California 92123

Re: Development Plan - Montgomery Field One
Lot 7, Montgomery Field

Dear Carole:

Attached is a final set of plans and specifications on the parking structure portion of the improvements for the office Building "D" at the above referenced location. We are submitting these in connection with Section IV B, paragraph 6 of our lease.

My attached letter addresses the schedule of development, the estimated construction costs, and financing plan as requested in Section IV B, paragraph 8 of our lease.

We look forward to assisting you in any way possible to enable us to begin construction on the project in the very near future.

Yours very truly,

SAMMIS PROPERTIES

A handwritten signature in cursive script, reading "George W. Cable".

George W. Cable
Project Manager/Finance

GWC:pk

Enclosure

A G R E E M E N T

THIS AGREEMENT is made by THE CITY OF SAN DIEGO, a municipal corporation, herein called "City," and the UNITED STATES OF AMERICA, acting by and through the FEDERAL AVIATION ADMINISTRATION, as represented by the Chief, Airports Division, Western Region, herein called "FAA."

R E C I T A L S

A. The Federal Aviation Administration has advised City that the FAA has adopted a policy requirement that, as a condition to the release of land acquired for non-aeronautical use through the help of the Federal Aid to Airport Program (FAAP), the City shall agree to devote the net proceeds from the rental of said land received when rented for nonairport use, on the operation, maintenance, development or improvement of Montgomery Field for a period not to exceed twenty (20) years.

B. City desires to use that land designated as Lots 6 and 7 on Exhibit A, attached hereto and incorporated herein by reference as though fully set forth, for nonairport use. Said land was acquired with FAAP assistance.

NOW, THEREFORE, in consideration of the recitals and the mutual obligations of the parties as herein expressed, City and FAA agree as follows:

*Document Filed in City Clerk's
743543 Office*

1. FAA hereby agrees to and approves the non-aeronautical use of Lots 6 and 7 delineated on Exhibit A. This approval is in conformance with those various grant agreements by and between City and FAA requiring consent by FAA to the use of airport designated land for non-airport purposes.

2. City agrees that any net proceeds derived from the rental of Lots 6 and 7 for nonairport use shall be applied to the operation, maintenance, development or improvement of Montgomery Field.

3. This agreement shall remain in full force and effect for a term of twenty (20) years from and after the date of this agreement.

IN WITNESS WHEREOF, this agreement is executed by The City of San Diego, acting by and through its City Manager, pursuant to Resolution No. 207718, authorizing such execution, and by FAA.

Dated this 10th day of April, 1973.

APPROVED as to form
and legality this 13
day of April, 1973.
JOHN W. WITT, City Attorney

By P. D. Bulens
Peter D. Bulens, Deputy

THE CITY OF SAN DIEGO
a municipal corporation

By [Signature]
DEPUTY City Manager

UNITED STATES OF AMERICA

By [Signature]
Chief, Airports Division
Western Region

RESOLUTION No. 207718

Adopted on APR 10 1973

BE IT RESOLVED, by the Council of The City of San Diego as follows:

That the City Manager be and he is hereby authorized and empowered to execute, for and on behalf of said City, an agreement with the UNITED STATES OF AMERICA, acting by and through the FEDERAL AVIATION ADMINISTRATION, whereby The City of San Diego, as a condition of the release of Lots 6 and 7 at Montgomery Field for other than airport use, agrees to devote the net proceeds derived from the rental of said land, so long as said land is leased or occupied for other than airport uses, on the operation, maintenance, development or improvement of Montgomery Field, under the terms and conditions set forth in the form of agreement on file in the office of the City Clerk as Document No. 743189.

BE IT FURTHER RESOLVED, that the City Auditor be hereby authorized to establish a fund solely and exclusively for the above purpose.

APPROVED: JOHN W. WITT, City Attorney

By Peter D. Bulens
Peter D. Bulens, Deputy

Passed and adopted by the Council of The City of San Diego
on April 10, 1973, by the following vote:

YEAS: Johnson, O'Connor, Landt, Martinet, Wilson

NAYS: Williams, Morrow, Bates

ABSENT: Hitch

AUTHENTICATED BY:

PETE WILSON,
Mayor of The City of San Diego, California.

EDWARD NIELSEN,
City Clerk of The City of San Diego, California.

(SEAL)

By MARY ANNE MEASE, Deputy.

I HEREBY CERTIFY that the above and foregoing is a full,
true and correct copy of RESOLUTION NO. 207742
passed and adopted by the Council of The City of San Diego,
California, on April 10, 1973.

EDWARD NIELSEN,
City Clerk of The City of San Diego, California.

(SEAL)

By Mary Anne Mease, Deputy.

CITY OF SAN DIEGO
CONSENT TO ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENTS
AND SECURITY DEPOSITS

The City of San Diego (CITY), as LESSOR, entered into long-term Lease Agreements, hereinafter named "the Leases", with Montgomery Field One and Montgomery Field Two, which were filed in the office of the City Clerk on May 3, 1978 as Document No. 763376 and on July 31, 1979 as Document No. 766982. Both leases were subsequently acquired by Kearny Mesa Realty, Inc. (LESSEE/ASSIGNOR) by Trustee's Sale.

CITY hereby consents to an assignment of the Leases from Kearny Mesa Realty, Inc. (LESSEE/ASSIGNOR) to San Diego Hospital Association (ASSIGNEE), in accordance with the terms and conditions set out in the Assignment and Assumption of Leases and Security Deposits, which are Exhibits "A" and "B" of the attached Sale-Purchase Agreement, dated November 16, 1993 with the following conditions:

The CITY is merely approving the Assignment and Assumption of the Leases and Security Deposits and all terms and conditions of the Leases shall control and supersede any inconsistency or contrary provisions in the attached Sale-Purchase Agreement. The CITY is not bound by any term or condition in the attached documents, which in any way conflicts with or is additional to the provisions of the Leases, except as otherwise approved herein.

In the event Assignor and Assignee do not complete the Sale and Assignment and Assumption of Leases and Security Deposits per the attached Sale-Purchase Agreement by February 1, 1994, City may at its sole discretion rescind this consent agreement by notifying ASSIGNOR and ASSIGNEE of the fact any time prior to the completion date.

THE CITY OF SAN DIEGO

Dated: Dec. 14/1993

By: [Signature]
Property Director

Approved as to form this 14 day of December, 1993

JOHN W. WITT, CITY ATTORNEY

By: [Signature]
Chief Deputy City Attorney

DOCUMENT NO. C-05221

FILED DEC 23 1993

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

COPY

OPTION AGREEMENT

DOCUMENT NO. 763377
FILED MAY 3 1978
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

THIS OPTION AGREEMENT is executed this 5th day of June, 1978, by and between THE CITY OF SAN DIEGO, a municipal corporation, hereinafter called "CITY", and MONTGOMERY FIELD TWO, a limited partnership, whose general partners are Donald F. Sammis, Douglas O. Allred and Ronald G. Wheatcroft, hereinafter called "OPTIONEE".

RECITALS

A. The CITY is the owner of a certain parcel of real property located in the city of San Diego, County of San Diego, State of California, more particularly described as Lot 7, Montgomery Field Airport consisting of 2.616 acres as shown on Exhibit "A-1" of the attached Exhibit "A" and incorporated herein by this reference, and hereinafter referred to as the "premises".

B. OPTIONEE desires to obtain an option to lease from CITY said premises for the purpose of construction, operation and maintenance of a commercial and light industrial office complex.

COVENANTS

1. CITY hereby grants to OPTIONEE an option for the period of twelve (12) months from the date of execution of this Option Agreement to lease from CITY that certain real property described in Section A hereinabove on the terms and conditions set forth in the Lease Agreement attached hereto and marked EXHIBIT "A". This Option Agreement is subject to the terms and conditions herein, and may not be exercised until said terms and conditions have been performed.

2. The sum of THREE THOUSAND TWO HUNDRED TWENTY FIVE AND NO/100 DOLLARS (\$3,225.00) shall be paid to CITY in full upon execution of this Option Agreement. In the event OPTIONEE exercises this option, OPTIONEE shall be credited with said option consideration and said credit shall be applied proportionately to rents due after commencement of operations of said option area.

3. This option may be exercised by OPTIONEE at any time prior to expiration of twelve (12) months from the date of execution of this Option Agreement by CITY which date is acknowledged to be that set forth in the first full paragraph hereof and upon OPTIONEE first having performed to the satisfaction of the City Manager of CITY all of the terms and conditions of this Option Agreement as herein set forth.

4. CITY, its agents, officers and employees, shall not be liable, nor be held liable, for any claims, liabilities, penalties, fines, or for any damage to the goods, properties or effects of OPTIONEE or any of OPTIONEE'S representatives, agents, employees, guests, licensees, invitees, patrons or of any other person whomsoever, nor for personal injuries to, or deaths of them, whether caused by or resulting from any acts or omission of OPTIONEE in or about the said premises, or any act or omission of any person or from any defect in any part of the said premises or from any other cause or reason whatsoever, except negligence of CITY. OPTIONEE further agrees to indemnify and save free and harmless CITY and its authorized agents, officers and employees against any of the foregoing liabilities and any costs and expenses incurred by CITY on account of any claim or claims therefor. Provided, however, that this provision shall not apply to any injury, death or property damage caused by the negligent act or omission of CITY, its officers, employees or authorized agents.

5. By authorizing execution of this Option Agreement, the City Council of CITY is not obligated to take any other action relating to development of said property.

TERMS AND CONDITIONS

1. CITY hereby grants OPTIONEE the right to go upon said premises for the purpose of site evaluation, planning and design. OPTIONEE shall have no vested or possessory interest in said premises and CITY retains the right to use and enjoy its possession thereof. Within the twelve (12) month term hereof, OPTIONEE shall:

- a. Submit to CITY in triplicate a Development Plan of said premises satisfactory to the City Manager. Said Development Plan shall include a plot plan and sketch showing the location, architectural theme, schedule of construction, general exterior design and uses of all improvements including buildings, parking areas and parking ratios, landscape areas and appurtenant structures. Said Development Plan shall be drawn on standard City of San Diego Engineering Department "D" Sheets. Upon City Manager's approval of said Development Plan, it shall be filed in the Office of the City Clerk. Approval of said Development Plan by the City Manager shall not waive or be construed to waive any Federal, State, County or Municipal law, code, ordinance or regulation having any jurisdiction over the development of said premises and the construction of any improvement thereof. OPTIONEE shall secure compliance with all such laws, codes, ordinances and regulations at its sole expense, including but not limited to the payment of all fees, charges and assessments, if any, necessary to develop the premises in accordance with said Development Plan.

b. Submit in triplicate to CITY construction plans and specifications for the development of said premises in accordance with the aforesaid Development Plan and obtain all permits and permissions therefor at the sole expense of OPTIONEE.

c. Submit evidence satisfactory to the City Manager of ability to finance the cost of construction of improvements as proposed in said Development Plan, including assurance of disbursement of funds for 100% of the cost of said construction.

2. OPTIONEE shall exercise this option by giving CITY written notice of his election to do so, accompanied by a written Lease Agreement of the premises in the form of said EXHIBIT A, executed by OPTIONEE in triplicate. CITY'S failure to execute the lease prior to the expiration of the term of this option shall not invalidate the Lease Agreement nor nullify OPTIONEE'S timely notice of his election to exercise this option. Determination of satisfactory performance of any and all of the conditions of this option and all approvals and consents required by CITY for OPTIONEE'S timely performance hereunder shall vest with the City Manager of CITY and such approvals and consents shall not be unreasonably withheld.

3. Upon the performance of the conditions herein contained to the satisfaction of the City Manager, and the exercise by OPTIONEE of this option in the manner provided in Paragraph 2 hereinabove, City Manager shall forthwith, without need for further authorization of the City Council of CITY, execute for and on behalf of CITY that Lease Agreement in the Form of said attached EXHIBIT A.

IN WITNESS WHEREOF, this agreement is executed by CITY acting by and through its City Manager under and pursuant to Resolution No. 221041 authorizing such execution and by OPTIONEE.

Date 7/27/78

THE CITY OF SAN DIEGO

By

[Signature]
ASSISTANT TO THE CITY MANAGER

OPTIONEE: Montgomery Field Two; A
Limited Partnership

Date 3/23/78

[Signature]
Donald F. Sammis, partner

[Signature]
Douglas O. Allred, partner

[Signature]
Ronald G. Wheatcroft, partner

APPROVED as to form and legality this 28th day of July,
19 78.

JOHN W. WITT, City Attorney

By

[Signature]
Deputy

3/7/78

FH

A G R E E M E N T

THIS AGREEMENT is made by THE CITY OF SAN DIEGO, a municipal corporation, herein called "City," and the UNITED STATES OF AMERICA, acting by and through the FEDERAL AVIATION ADMINISTRATION, as represented by the Chief, Airports Division, Western Region, herein called "FAA."

R E C I T A L S

A. The Federal Aviation Administration has advised City that the FAA has adopted a policy requirement that, as a condition to the release of land acquired for non-aeronautical use through the help of the Federal Aid to Airport Program (FAAP), the City shall agree to devote the net proceeds from the rental of said land received when rented for nonairport use, on the operation, maintenance, development or improvement of Montgomery Field for a period not to exceed twenty (20) years.

B. City desires to use that land designated as Lots 6 and 7 on Exhibit A, attached hereto and incorporated herein by reference as though fully set forth, for nonairport use. Said land was acquired with FAAP assistance.

NOW, THEREFORE, in consideration of the recitals and the mutual obligations of the parties as herein expressed, City and FAA agree as follows:

1. FAA hereby agrees to and approves the non-aeronautical use of Lots 6 and 7 delineated on Exhibit A. This approval is in conformance with those various grant agreements by and between City and FAA requiring consent by FAA to the use of airport designated land for non-airport purposes.

2. City agrees that any net proceeds derived from the rental of Lots 6 and 7 for nonairport use shall be applied to the operation, maintenance, development or improvement of Montgomery Field.

3. This agreement shall remain in full force and effect for a term of twenty (20) years from and after the date of this agreement.

IN WITNESS WHEREOF, this agreement is executed by The City of San Diego, acting by and through its City Manager, pursuant to Resolution No. 207718, authorizing such execution, and by FAA.

Dated this 10th day of April, 1973.

APPROVED as to form
and legality this 13
day of April, 1973.
JOHN W. WITT, City Attorney

By P. D. Bulens
Peter D. Bulens, Deputy

THE CITY OF SAN DIEGO
a municipal corporation

By [Signature]
City Manager

UNITED STATES OF AMERICA

By [Signature]
Chief, Airports Division
Western Region

RESOLUTION No. 207718

Adopted on July 10 1973

BE IT RESOLVED, by the Council of The City of San Diego as follows:

That the City Manager be and he is hereby authorized and empowered to execute, for and on behalf of said City, an agreement with the UNITED STATES OF AMERICA, acting by and through the FEDERAL AVIATION ADMINISTRATION, whereby The City of San Diego, as a condition of the release of Lots 6 and 7 at Montgomery Field for other than airport use, agrees to devote the net proceeds derived from the rental of said land, so long as said land is leased or occupied for other than airport uses, on the operation, maintenance, development or improvement of Montgomery Field, under the terms and conditions set forth in the form of agreement on file in the office of the City Clerk as Document No. 743189.

BE IT FURTHER RESOLVED, that the City Auditor be hereby authorized to establish a fund solely and exclusively for the above purpose.

APPROVED: JOHN W. WITT, City Attorney

By P. D. Bulens
Peter D. Bulens, Deputy

:lc
/73

Passed and adopted by the Council of The City of San Diego
on April 10, 1973, by the following vote:

YEAS: Johnson, O'Connor, Landt, Martinet, Wilson

NAYS: Williams, Morrow, Bates

ABSENT: Hitch

AUTHENTICATED BY:

PETE WILSON,
Mayor of The City of San Diego, California.

EDWARD NIELSEN,
City Clerk of The City of San Diego, California.

(SEAL)

By MARY ANNE MEASE, Deputy.

I HEREBY CERTIFY that the above and foregoing is a full,
true and correct copy of RESOLUTION NO. 211271
passed and adopted by the Council of The City of San Diego,
California, on April 10, 1973.

EDWARD NIELSEN,
City Clerk of The City of San Diego, California.

(SEAL)

By Mary Anne Mease, Deputy.

City Manager
Form of - City Clerk
City Attorney
Airport Operation
County Assessor
Airport Division ←

COPY

DOCUMENT NO. 766982
FILED JUL 31 1979
OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

I N D E X

FLAT RATE LEASE

MONTGOMERY FIELD TWO. A PARTNERSHIP WITH
SAMMIS, ALLRED AND WHEATCROFT

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EXHIBIT A - 1

ADDENDUM

FLAT RATE LEASE

THIS LEASE AGREEMENT is executed by and between THE CITY OF SAN DIEGO, a municipal corporation, hereinafter called "CITY" and Montgomery Field Two, a limited partnership, whose general partners are Donald F. Sammis, Douglas O. Allred and Ronald G. Wheatcroft hereinafter called "LESSEE".

I. DEMISED PREMISES. CITY hereby leases to LESSEE and LESSEE leases from CITY all of that certain real property situated in the City of San Diego, County of San Diego, State of California, described and delineated on Exhibit A-1 attached hereto and by this reference made part of this agreement. Said real property is hereinafter called the "premises".

- A. PERMITTED USE. Said premises are leased to LESSEE only for the purposes of construction, operation and maintenance of a commercial and light industrial office complex, and for such other related or incidental purposes as may first be approved in writing by the CITY MANAGER and for no other purpose.
- B. OBLIGATION TO DILIGENTLY USE. LESSEE covenants to use said premises for the above-specified purposes and to diligently pursue said purposes throughout the term hereof.
- C. RELATED COUNCIL ACTIONS. By the granting of this lease, the City Council of The City of San Diego is not obligating itself with regard to any other discretionary action relating to development or operation of said premises. Such discretionary action includes, but is not limited to, rezonings, variances, environmental clearances or any other governmental agency approvals which are required.

II. TERM OF AGREEMENT

- A. COMMENCEMENT AND TERMINATION. The term of this agreement shall be fifty-five (55) years, commencing on the first day of the calendar month following the date of execution hereof by CITY.
- B. SURRENDER OF PREMISES. At the expiration or earlier termination of this lease, LESSEE shall execute, acknowledge and deliver to CITY, within five days after written demand by CITY, a valid and recordable quitclaim deed covering all of the leasehold premises free and clear of all liens and encumbrances.

III. CONSIDERATION.

- A. RENT. The rent shall be paid by LESSEE to CITY at the Office of the City Treasurer, Operations Building, 1222 First Avenue, San Diego, California 92101, and shall be as follows:
 - 1. CONSTRUCTION PERIOD. The construction period shall be that portion of said term beginning on the commencement date of this lease and ending upon the commencement of operations which is hereby defined as the opening of the building for business as evidenced by office rentals or by commercial or industrial use of the premises or by the sale of any goods or services on the premises whether or not payment is actually made therefor or upon the expiration of one (1)

year following the effective date of this lease which ever date or event is soonest. The consideration to City during said construction period shall be the satisfactory development of the leased premises in accordance with Section IV 8, DEVELOPMENT, to the satisfaction of the City Manager. No cash rent shall be required during this construction period.

2. OPERATIONS PERIOD. For that portion of said term beginning on commencing of operations, as hereinabove defined, and for the remainder of said term, the rent shall be payable to City monthly in advance in the sum of \$1882.50. For the first three year period of the agreement, the total rent shall be the sum of SIXTY-SEVEN THOUSAND SEVEN HUNDRED SEVENTY DOLLARS (\$67,770.00).

The rent for the remaining term of this agreement shall be payable monthly in advance and shall be adjusted upward or downward at the expiration of each three-year period, according to the following method of computation:

The rent shall be adjusted upward or downward at the beginning of the fourth, seventh and tenth year of the agreement and at the beginning of each sixth year thereafter in accordance with the following method of computation; provided that the increases shall not exceed six (6%) percent per year cumulative:

The rent for the period following the adjustment until the next adjustment shall be determined by multiplying the rent which is effective immediately prior to said adjustment by the "Adjustment Figure" established in the method outlined in the following paragraph:

The "Adjustment Figure" used to adjust the rent as specified above shall be established by dividing the "Current Index" by the "Base Figure".

The "Current Index" shall be a three month average of index figures published by the Bureau of Labor Statistics Consumer Price Index (CPI) for the Los Angeles/Long Beach area. The three months to be used to establish said average shall be the fourth, fifth and sixth calendar months preceeding the adjustment date. When a similar CPI is available for the San Diego area, it may be substituted.

The "Base Figure" shall be a three month average of index figures from the same source as established above and using the fourth, fifth and sixth calendar months preceeding the date of execution of this agreement.

Example: Current Index 121
Base Figure 110 = 1.10 (Adjustment Figure)

Effective Rent x 1.10 = Adjusted Rent

In the event the CPI for the Los Angeles/Long Beach/or San Diego area, "All Items", is no longer published, the index for the adjustment date shall be the one reported in the U.S. Department of Labor's Comprehensive Official Index most nearly answering the foregoing description of an Index for the San Diego area. If an index is calculated from a base different from the base period 1967 = 100, the base figure used for calculating the adjustment percentage shall first be converted under a formula supplied by the Bureau.

If the above-described Department of Labor indexes are no longer published, another index generally recognized as authoritative shall be substituted by agreement of the parties. If the parties hereto are unable to agree within 60 days after demand by either party, a substitute index will be selected by the Chief Officer of the San Francisco Regional Office of the Bureau of Labor Statistics or its successor.

Notwithstanding the publication dates of the index, the date of the rent adjustment shall be the commencement date of the fourth, seventh, and tenth year of the lease and at the beginning of every sixth year thereafter. Until said rent adjustment can be reasonably determined by index publication, LESSEE shall continue to make rental payments pursuant to this lease at the same rent in effect during the preceeding rental period. Upon determination of the rental adjustment, overpayments of rent shall be credited to the LESSEE'S rental account and underpayments of rent shall be immediately paid to the CITY.

In addition to the above-stated adjustment, upon the first day of the twenty-sixth year of this agreement the rent for the ensuing period shall be determined by multiplying the City Council's approved capitalization rate of 9% NINE PERCENT by the fair market value of the demised premises (excluding improvements) as of the adjustment date. The fair market value of the demised premises shall be determined by an appraisal made by a professional independent real estate appraiser selected by mutual consent of the parties to this agreement from the list of appraisers approved by the City Council of CITY. In the event the parties cannot reach agreement upon selection of a mutually acceptable appraiser, then CITY and LESSEE will each select a professional independent real estate appraiser, which third appraiser will be employed to make the appraisal of the fair market value of the demised premises and which value will be utilized to determine the adjusted rent described previously in this paragraph. In the event that the two selected appraisers fail to mutually select a third appraiser within sixty (60) days, then the selected appraisers will be discharged and the process repeated until mutuality is achieved and an appraiser is selected to complete the assignment. Each party shall pay the cost of its own selected

appraiser and both CITY and LESSEE agree to equally share the cost of the mutually appointed first and third appraiser and CITY and LESSEE agree to accept and be bound by the valuation determined by the third selected appraiser.

In establishing the fair market value of the demised premises, the appraiser shall consider the property as a fee simple absolute estate and as vacant land and available for lease or sale for uses and building consistent with the authorized purposes of this lease at the commencement of the original term of the lease, that is the uses and building which have been approved by CITY as authorized in I, A and IV, B 8 hereof. The date of value of the appraisal shall be the date of rental adjustment as hereinabove established (at the beginning of the twenty-sixth year).

In the event the appraisal is not completed in time to permit rental adjustment to be made upon the date specified, LESSEE agrees to continue to pay rent at the rate then in existence and said rental adjustment will be retroactive to the date of rental adjustment as hereinabove established.

- B. DELINQUENT RENT. In the event LESSEE fails to pay the applicable rents within 10 days of when due, then LESSEE shall pay CITY, in addition to the delinquent rent, a sum of money equal to FIVE PERCENT (5%) of said delinquent rent; provided, however, in the event said delinquent rent is still unpaid after fifteen days of becoming delinquent, then LESSEE shall pay CITY, instead of said FIVE PERCENT (5%), a sum of money equal to TEN PERCENT (10%) of said delinquent rent. It is the intent of this provision that CITY shall be compensated by such additional sums for loss resulting from rental delinquency including costs to CITY of servicing the delinquent account. The City Manager, at his option, may for good cause waive any such delinquency compensation required herein, upon written application of LESSEE.
- C. INSPECTION OF RECORDS. Whenever CITY desires to inspect the records and accounts of LESSEE in order to determine LESSEE'S compliance with the terms of this agreement, CITY shall have the right at all reasonable times to inspect any records pertinent to the subject under study. LESSEE agrees to cooperate in such inspection and to make the pertinent records available to CITY at LESSEE'S place of business in the City of San Diego.
- D. DEVELOPMENT AS ADDITIONAL CONSIDERATION. LESSEE agrees as additional consideration to develop the leased premises in accordance with the City-approved Development Plan described in Section IV, B 8, Development of this agreement.

IV. COVENANTS AND CONDITIONS.

A. CITY COVENANTS.

1. Quiet Possession. LESSEE, paying the said rent and performing the covenants and agreements herein, shall and may at all times during the said term peaceably and quietly have, hold and enjoy the said premises for the term hereof. If CITY for any reason whatsoever cannot deliver possession of the said premises to LESSEE at the commencement of said term as hereinbefore specified, or if LESSEE is dispossessed through action of a title superior to CITY'S, then and in either of such events, this lease shall not be void or voidable nor shall CITY be liable to LESSEE for any loss or damage resulting therefrom, but there shall be determined and stated in writing by mutual agreement between LESSEE and the CITY MANAGER of CITY a proportionate reduction of the rent covering the period or periods during which LESSEE is prevented from having the quiet possession of all or a portion of the demised premises.

2. ASSIGNMENT AND SUBLETTING. Upon prior written consent by the City Manager, and without necessity for further authorization by the City Council, except as otherwise specified in IV 29, LESSEE may assign this lease, or any interest therein, and may sublease any portion or portions thereof to an assignee or sublessee who in the opinion of the City Manager has adequate financial capability and experience. This lease and any interest herein shall not be assigned by operation of law without the written consent of the City Manager. The City Manager's consent, as required in this Section IV, A, 2 shall not be unreasonably withheld.

Approval of any assignment or sublease shall be conditioned upon Assignee or Sublessee agreeing in writing that they will assume the rights and obligations thereby assigned or subleased and that they will keep and perform all covenants, conditions and provisions of this agreement which are applicable to the rights acquired.

3. Right to Encumber. CITY does hereby consent and agree that LESSEE may encumber this lease, its leasehold estate and its improvements thereon by deed of trust, mortgage, chattel mortgage or other security type instrument to assure the payment of a promissory note or notes of the LESSEE. CITY further agrees that in the event said deed of trust or mortgage or other security type instrument should at any time be in default and be foreclosed, or transferred in lieu of foreclosure, the CITY will accept the mortgagee or beneficiary thereof, if reputable, qualified and financially responsible, such as a State or Federal regulated financial institution, as its new tenant under this lease with all the rights, privileges and duties granted and imposed in this lease contract. In the event said mortgagee or beneficiary desires to assign this lease to its nominee, if nominee is a reputable, qualified and financially responsible person in the opinion of CITY,

CITY hereby agrees that upon the filing of application for consent to such assignment, CITY will give its consent thereto.

B. LESSEE COVENANTS.

4. Affirmative Action. LESSEE agrees to take affirmative action to improve employment opportunities of minorities and women. When applicable, LESSEE agrees to abide by the Affirmative Action Program for Lessees as it now exists or is hereafter amended. A copy of the program, effective as of the date of this agreement, is on file in the Office of the City Clerk as Document No. 746205 and by this reference is incorporated herein. Minorities are presently defined as Mexican- American, Black, Filipino, American Indian and Asian/Oriental. The goal of this program shall be the attainment of the employment of minorities and women in all areas of employment in a total percentage of employment approximately equal to the total level of minority and women employment as established by the CITY for its Affirmative Action Program each year.
5. Compliance with Law. LESSEE agrees, at its sole cost and expense, to comply and secure compliance with all the requirements now in force, or which may hereafter be in force, of all municipal, county, state and federal authorities, pertaining to the said premises, or the operations conducted thereon, and to faithfully observe and secure compliance with, in the use of the premises, all applicable county and municipal ordinances and state and federal statutes now in force or which may hereafter be in force, and to pay before delinquency all taxes, assessments, and fees assessed or levied upon the LESSEE or the leased premises including the land and any buildings, structures, machines, appliances or other improvements of any nature whatsoever, erected installed or maintained by LESSEE or by reason of the business or other activities of LESSEE upon or in connection with the leased premises. The judgment of any court of competent jurisdiction, or the admission of LESSEE or any sublessee or permittee in any action or proceeding against them, or any of the, whether CITY be a party thereto or not, that LESSEE, sublessee or permittee has violated any such ordinance or statute in the use of the premises shall be conclusive of that fact as between CITY and LESSEE. LESSEE recognizes and understands that this lease may create a possessory interest subject to property taxation and that the LESSEE may be subject to the payment of property taxes levied on such interest. LESSEE further agrees that such tax payment shall not reduce any rent due the CITY hereunder and that any such tax shall be paid by the LESSEE before becoming delinquent.
6. Construction/Alterations. LESSEE agrees not to construct or install any buildings or structures on said premises or otherwise improve or alter said premises in any manner except in accordance with plans and specifications previously submitted

to the City Manager and approved by him in writing. LESSEE shall not make any major structural or architectural design alterations to approved buildings, structures or improvements installed on said premises except in accordance with plans and specifications previously approved in writing by the City Manager, provided, however, without City approval, LESSEE shall be entitled to construct tenant improvements in the interior of the building and to make minor interior changes. This provision shall not limit or set aside any obligation of LESSEE under this lease to maintain said premises in a decent, safe, healthy and sanitary condition, including structural repair and restoration of damaged or worn improvements. CITY shall not be obligated by this lease to make any improvements or alterations to said premises or to assume any expense therefor.

7. Construction Bond. LESSEE agrees to file with CITY, prior to commencement of any construction performed upon the premises, evidence of security for performance of the construction to be performed hereunder in the amount of 100% of the construction costs of the work to be performed. Said, evidence may be in cash, or may be a corporate surety performance bond, or may be a construction lender's loan commitment, or any combination thereof, satisfactory to CITY. Said security shall insure that the construction commenced by LESSEE shall be completed in accordance with approved plans. The evidence of security will be filed with CITY and any cash used as a part of the security may be deposited with CITY to be held in trust for the purpose specified above or may be placed in an escrow or other trust approved by CITY. Upon application by LESSEE CITY may waive this requirement to file evidence said security. In the event that LESSEE fails to file any such required evidence of security, this lease may be terminated by CITY.
8. Development. LESSEE agrees to develop the leased premises in accordance with the General Development Plan approved by the City Manager and filed in the Office of the City Clerk. To the extent applicable to the proposed development, said plan shows the design, materials of construction, elevations and colors of all structures, the plot plan of all structures and above-ground improvements, the uses of all facilities, the schedule of development, the estimated construction costs and financing plan and such other factors as are necessary or desirable in the opinion of the City Manager. The City Manager or his designee shall have the authority to authorize changes to the plan provided that the basic concept may not be modified without City Council approval and a document evidencing any approved changes shall be filed in the Office of the City Clerk.
9. Indemnity. LESSEE agrees that CITY, its agents, officers and employees, shall not be liable for any claims, liabilities, penalties, fines or for any damage to the goods, properties or effects of LESSEE, its sublessees or representatives, agents, employees, guests, licensees, invitees,

patrons or clientele or of any other persons whomsoever, nor for personal injuries to, or deaths of any persons, whether alleged to have been caused by or resulting from any acts or omission of LESSEE or its sublessees in or about the leased premises, or any act or omission of any person or from any other cause or reason whatsoever. LESSEE agrees to indemnify and save free and harmless CITY and its authorized agents, officers, and employees against any of the foregoing alleged liabilities and any costs and expenses incurred by CITY on account of any claim or claims therefor.

10. Insurance Coverage. During the entire term of this lease, LESSEE agrees to procure and maintain public liability insurance which names CITY as an additional insured with an insurance company satisfactory to CITY licensed to do business in California to protect against loss from liability imposed by law for damages on account of bodily injury, including death therefrom, suffered or alleged to be suffered by any person or persons whomsoever, resulting directly or indirectly from any act or activities of CITY or LESSEE, its sublessees or any person acting for CITY, or LESSEE or under its control or direction, and also to protect against loss from liability imposed by law for damages to any property of any person caused directly or indirectly by or from acts or activities of CITY, or LESSEE, or its sublessees, or any person acting for CITY or LESSEE, or under its control or direction. Such public damage and public liability insurance shall also provide for and protect CITY against incurring any legal cost in defending claims for alleged loss. Such public liability and property damage insurance shall be maintained in full force and effect during the entire term of this lease in the amount of not less than one million dollars (\$1,000,000.00) COMBINED SINGLE LIMIT LIABILITY. LESSEE agrees to submit a policy of said insurance to the CITY on or before the effective date of this agreement indicating full coverage of the contractual liability imposed by this agreement and stipulating that the insurance company shall not terminate, cancel or limit said policy in any manner without at least thirty days prior written notice thereof to CITY. If the operation under this agreement results in an increased or decreased risk in the opinion of the City Manager, then LESSEE agrees that the minimum limits hereinabove designated shall be changed accordingly upon request by the City Manager. LESSEE agrees that provisions of this paragraph as to maintenance of insurance shall not be construed as limiting in any way the extent to which the LESSEE may be held responsible for the payment of damages to persons or property resulting from LESSEE'S activities, the activities of its sublessees or the activities of any person or persons for which LESSEE is otherwise responsible.

LESSEE also agrees to procure and maintain during the entire term of this lease, a policy of fire, extended coverage and vandalism insurance on all permanent property of an insurable nature located upon the leased premises. Said policy shall

name the CITY as an additional insured and shall be written by an insurance company satisfactory to CITY licensed to transact business in the State of California and shall be in an amount sufficient to cover at least 100% of the replacement costs of said property. LESSEE agrees to submit a certificate of said policy to the CITY on or before the effective date of this lease. Said policy shall contain a condition that it is not to be terminated or cancelled without at least (30) days prior written notice to CITY by the insurance company. LESSEE agrees to pay the premium for such insurance and shall require that any insurance proceeds resulting from a loss under said policy are payable jointly to CITY and LESSEE and said proceeds shall constitute a trust fund to be reinvested in rebuilding or repairing the damaged property or said proceeds may be disposed of as specified in Section IV, 16, Waste, Damage or Destruction, hereof; provided, however, that within the period during which there is in existence a mortgage or deed of trust upon the leasehold, then and for that period all policies of fire insurance, extended coverage and vandalism shall be made payable jointly to the mortgagee or beneficiary, the named insured, and CITY, and shall be disposed of jointly by the parties for the following purposes:

- a. As a trust fund to be retained by said mortgagee or beneficiary and applied in reduction of the debt secured by such mortgage or deed of trust with the excess remaining after full payment of said debt to be paid over to LESSEE and CITY to pay for reconstruction, repair, or replacement of the damaged or destroyed improvements in progress payments as the work is performed. The balance of said proceeds shall be paid to LESSEE.

Provided, further, however, nothing herein shall prevent LESSEE, at its option and with the approval of said mortgagee or beneficiary, from filing a faithful performance bond in favor of said mortgagee or beneficiary and CITY in an amount equivalent to said insurance proceeds in lieu of surrendering said insurance proceeds to said mortgagee or beneficiary; and CITY.

- b. In the event that this lease is terminated by mutual agreement and said improvements are not reconstructed, repaired or replaced, the insurance proceeds shall be jointly retained by CITY and said mortgagee or beneficiary to the extent necessary to first discharge the debt secured by said mortgage or deed of trust and then to restore the premises in a neat and clean condition. Said mortgagee or beneficiary shall hold the balance of said proceeds for CITY and LESSEE as their interests may appear.

LESSEE agrees to increase the limits of liability when, in the opinion of CITY, the value of the improvements covered is increased, subject to the availability of such insurance at the increased

limits. LESSEE agrees, at his sole expense to comply and secure compliance with all insurance requirements necessary for the maintenance of reasonable fire and public liability insurance covering said premises, buildings and appurtenances.

11. Labor and Materialmen's Bond. LESSEE agrees to save CITY free and harmless, indemnify it against all claims for labor and materials in connection with improvements, repairs or alterations to the leased premises, and the cost of defending against such claims, including reasonable attorney's fees. In the event that improvements, repairs or alterations are constructed on the leased premises by other than the CITY, and a lien is filed, LESSEE agrees to file with CITY within five days a bond sufficient to pay in full all claims of all persons seeking relief under the lien. The bond shall be acknowledged by LESSEE as principal and by a corporation satisfactory to CITY licensed by the Insurance Commissioner of the State of California to transact the business of a fidelity and surety insurance company as surety.
12. Legal Proceedings. LESSEE agrees that should it become necessary for CITY to commence legal proceedings to collect rent, recover possession, or enforce any other provision of this lease, the prevailing party will be entitled to legal costs in connection therewith, including reasonable attorney fees as determined by the court. The parties agree that the law of the State of California shall be used in interpreting this lease agreement and will govern all disputes under this lease agreement and will determine all rights and obligations hereunder. Personal service either within or without the State of California shall be sufficient to give personal jurisdiction to any court in which an action is filed for litigation of rights under this lease agreement.
13. Maintenance. LESSEE agrees to assume full responsibility for the operation and maintenance of said premises throughout the term hereof without expense to CITY unless otherwise specified herein, and to perform all repairs and replacements necessary to maintain and preserve said premises in a decent, safe, healthy and sanitary condition in a manner satisfactory to CITY and in compliance with all applicable laws, reasonable wear and tear excepted. LESSEE agrees that CITY shall not be required to perform any maintenance, repairs or services or to assume any expense not specifically assumed herein in connection with said premises and LESSEE hereby waives all rights to make repairs or to cause any work to be performed at the expense of CITY as provided for in Sections 1941 and 1942 of the California Civil Code.
14. Nondiscrimination. LESSEE agrees not to discriminate in any manner against any person or persons on account of race, marital status, sex, religious creed, color, ancestry, national origin, physical handicap or medical condition in LESSEE'S use

of the premises, including, but not limited to, the providing of goods, services, facilities, privileges, advantages and accommodations, and the obtaining and holding of employment.

15. Utility Costs. LESSEE agrees to order, obtain and pay for all utilities and service and installation charges in connection therewith. All utilities installed by LESSEE shall be installed underground.
16. Waste, Damage or Destruction. LESSEE agrees to give notice to the CITY of any fire or other damage that may occur on the leased premises within ten days of such fire or damage. LESSEE agrees not to commit or suffer to be committed any waste or injury or any public or private nuisance, to keep the premises clean and clear of refuse and obstructions, and to dispose of all garbage, trash and rubbish in a manner satisfactory to the CITY. If the leased premises shall be damaged by any cause which puts the premises into a condition which is not decent, safe, healthy and sanitary, LESSEE agrees to make or cause to be made full repair of said damage and to restore the premises to the condition which existed prior to said damage, or LESSEE agrees to clear and remove from the leased premises all debris resulting from said damage and rebuild the premises in accordance with plans and specifications submitted to the CITY and approved in writing in order to replace in kind and scope the operation which existed prior to such damage, using for either purpose the insurance proceeds as set forth in Section (D) 10, INSURANCE hereof. Provided, however, during the last ten (10) years of this lease, if such damage is of a substantial nature or not feasible to repair in the opinion of the City Manager or the LESSEE, then LESSEE shall not be required to repair such damage or to rebuild said premises unless LESSEE is in default of the lease at the time of such damage; provided further, however, LESSEE shall clear the damaged area of all debris and obstruction.

LESSEE agrees that preliminary steps toward performing repairs, restoration or replacement of the premises shall be commenced by LESSEE within thirty days and the required repairs, restoration or replacement shall be completed within a reasonable time thereafter. CITY may determine an equitable deduction in the minimum annual rent requirement for such period or periods that said premises are untenable by reason of such damage.

C. RESTRICTIVE CONDITIONS

17. Administration and Notices. Control and administration of this lease is under the jurisdiction of the City Manager of CITY as to CITY'S interest herein and any communication relative to the terms or conditions or any changes thereto or any notice or notices provided for by this lease or by law to be given or served upon CITY may be given or served by registered or certified letter deposited in the United States mails, postage pre-paid, and addressed to the City Manager, Attention Property Director, City Administration Building, 202 "C" Street, San Diego, California 92101, or may be personally served upon the Property Director. Any notice or notices provided for by this lease or by law to be given or served upon LESSEE, Mortgagee, Trustee or Beneficiary may be given or served by depositing in the United States mails, postage prepaid,

a registered or certified letter addressed to said LESSEE at the leased premises or at such other address designated in writing by LESSEE and addressed to said Mortgagee, Trustee or Beneficiary at such address as they may have designated in writing to the City, or may be personally served upon them or any person hereafter authorized by them to receive such notice. Any notice or notices given or served as provided herein shall be effectual and binding for all purposes upon the principals of the parties so served upon personal service or forty-eight hours after mailing in the manner required herein.

18. City Approval and Consent. The approval or consent of the CITY, wherever required in this agreement, shall mean the approval or consent of the City Manager unless otherwise specified, without need for further resolution by the City Council, and said approval or consent shall not be unreasonably withheld. Further, in all matter in this lease where the City is entitled to act or decide upon its opinion, determination, or otherwise, City shall act or decide reasonably, and not arbitrarily or capriciously.

19. Eminent Domain. In the event the leased premises or any part thereof shall be taken for public purposes by condemnation as a result of any action or proceeding in eminent domain, then the interests of CITY and LESSEE (or Beneficiary or Mortgagee if there is a Trust Deed or Mortgagee then in effect), in the award and the effect of the taking upon this lease agreement shall be as follows:

- a. In the event of such taking of only a part of the leased premises, leaving the remainder of said premises in such location and in such form, shape and size as to be used effectively and practicably in the mutual opinion of LESSEE and CITY for the conduct thereon of the operations permitted hereunder, this lease shall terminate and end as to the portion of the leased premises so taken as of the date title to such portion vests in the condemning authority, but shall continue in full force and effect as to the portion of the leased premises not so taken and from and after such date the contract rent, or in the event there is a minimum rent specified herein, then the minimum rental required by this lease to be paid by LESSEE to CITY shall be reduced in the proportion to which the value of the leased premises so taken bears to the total value of the demised premises; provided, however, CITY shall have the right, with the consent of LESSEE, to substitute like adjacent property and maintain the rent schedule without diminution.
- b. In the event of the taking of only a part of the leased premises, leaving the remainder of said premises in such location, or in such form, shape or reduced size as to render the same not effectively and practicably usable, in the mutual opinion of LESSEE and CITY, for the conduct thereon of the operations permitted hereunder,

this lease and all right, title and interest thereunder shall cease on the date title to said premises or the portion thereof so taken vests in the condemning authority.

- c. In the event the entire leased premises are so taken, this lease and all of the right, title and interest thereunder shall cease on the date title to said premises so taken vests in the condemning authority.
- d. In the event of any taking under Subparagraphs a, b, or c, hereinabove, the only portion of any award of compensation which shall be paid to LESSEE shall be the fair market value of LESSEE'S interest in the improvements placed upon that portion of the leased premises which are taken by the condemning agency. Additionally, if the lease is terminated pursuant to "b" above, LESSEE shall also be paid by CITY the fair market value of LESSEE'S interest in the improvements placed upon the portion of the leased premises which are not taken by the condemning authority. It is the intention of this provision that LESSEE shall not in any condemnation receive any bonus or penalty by reason of LESSEE'S contractual rights in connection with the property condemned.
- e. Notwithstanding the foregoing provisions of this section, CITY may, in its discretion and without affecting the validity and existence of this lease, transfer the CITY'S interests in said premises in lieu of condemnation to any authority entitled to exercise the power of eminent domain. In the event of such transfer by CITY, LESSEE shall retain whatever rights it may have to recover from the said authority the fair market value of LESSEE'S interest in the improvements taken by the authority and which LESSEE has placed upon the leased premises in accordance with the provisions of this lease.

20. Entry and Inspection. CITY reserves and shall always have the right to enter said premises for the purpose of viewing and ascertaining the condition of the same, or to protect its interests in the premises or to inspect the operations conducted thereon. In the event that such entry or inspection by CITY discloses that said premises are not in a decent, safe, healthy and sanitary condition, CITY shall have the right, after ten days written notice to LESSEE, to have any necessary maintenance work done for and at the expense of LESSEE and LESSEE hereby agrees to pay promptly any and all costs incurred by CITY in having such necessary maintenance work done in order to keep said premises in a decent, safe, healthy and sanitary condition. Further, if at any time, the CITY determines that said premises are not in a decent, safe, healthy and sanitary condition, CITY may at its sole option, without additional notice, require LESSEE to file with CITY a faithful performance bond to

assure prompt correction of any condition which is not decent, safe, healthy and sanitary. Said bond shall be in an amount adequate in the opinion of the CITY to correct the said unsatisfactory condition. LESSEE shall pay the cost of said bond. The rights reserved in this section shall not create any obligations on CITY or increase obligations elsewhere in this lease imposed on CITY.

21. Holding Over. The occupancy of the demised premises after the expiration of the term of this agreement shall be construed to be a tenancy from month to month, and all other terms and conditions of this agreement shall continue in full force and effect.
22. Merger. The voluntary or other surrender of this lease by LESSEE, or a mutual cancellation thereof, shall not work a merger and shall, at the option of CITY, terminate all or any existing subleases or subtenancies or may, at the option of CITY, operate as an assignment to it of any or all such subleases or subtenancies.
23. Oral Representation. It is specifically understood and agreed hereby that this lease contains the complete expression of the whole agreement between the parties hereto, and that there are no promises, representations, agreements, warranties or inducements, either expressed orally or implied by the said parties, except as are fully set forth herein; and further, that this lease cannot be enlarged, modified or changed in any respect except by written agreement duly executed by and between the said parties.
24. Ownership of Improvements. All improvements, except personal property as hereinafter defined, which have been installed by LESSEE in accordance with the provisions of this agreement, shall at the option of CITY become the property of CITY upon expiration or sooner termination of this agreement. LESSEE shall have the right to remove from the demised premises only that personal property hereinafter defined, at any time prior to the expiration or earlier termination of this agreement, provided that such removal would not, in the opinion of CITY, restrict the operation of the demised premises to the extent that the rent paid to CITY is reduced as a direct result therefrom. LESSEE'S removal of any such personal property shall be at LESSEE'S own expense and shall be conditioned upon LESSEE'S repairing any damage to the remaining improvements and upon LESSEE leaving the demised premises in good order and condition. In the event LESSEE does not so remove said personal property prior to the expiration of this agreement, CITY may remove, sell or destroy the same at the expense of LESSEE, and if the proceeds of the sale are not adequate, LESSEE shall promptly pay to CITY its reasonable cost of any such removal, sale or destruction together with the reasonable cost of repair of damages to CITY'S property resulting from such removal, sale or destruction.

At the option of CITY, any personal property not removed by LESSEE may be deemed abandoned and may be removed and sold by CITY and all income received by CITY therefrom shall be the property of CITY exclusively.

25. Remedies of City.

a. Default by Lessee. In the event that:

- (1) LESSEE shall default in the performance or fulfillment of any covenant or condition herein required to be performed or fulfilled by LESSEE and shall fail to cure said default within thirty days following the service on LESSEE of a written notice from CITY specifying the default complained of; or
- (2) LESSEE shall voluntarily file or have involuntarily filed against him any petition under any bankruptcy or insolvency act or law; or
- (3) LESSEE shall be adjudicated a bankrupt; or
- (4) LESSEE shall make a general assignment for the benefit of creditors;

then CITY may, at its option, without further notice or demand upon LESSEE or upon any person claiming through LESSEE, immediately terminate this lease and all rights of LESSEE and of all persons claiming rights through LESSEE in or to the said premises or in or to further possession thereof and CITY may thereupon enter and take possession of said premises and expel LESSEE and all persons so claiming rights thereto. Provided, however, in the event that any default described in Part a, (1) of this section is not curable within thirty (30) days after the service of a written notice upon LESSEE, CITY shall not terminate this lease pursuant to said default if LESSEE immediately commences to cure said default and diligently pursues such cure to completion.

Provided, further, in the event that there is a deed of trust or mortgage on the leasehold interest, CITY shall not terminate this lease until it first shall have served upon the mortgagee or beneficiary written notice of the default or defaults complained of, and the mortgagee or beneficiary shall have the thirty (30) days from service of such notice within which to commence such cure as may be necessary and this lease shall not terminate if said mortgagee or beneficiary shall prosecute said cure with reasonable diligence thereafter, and said thirty-day period shall be extended during the time required for said mortgagee or beneficiary to perfect, through litigation or through foreclosure, its rights to cure.

b. City Remedies. If the mortgagee or beneficiary shall be required to perfect its right to cure said default or defaults through litigation or through foreclosure, then CITY shall have the option of the following courses of action in order that such default or defaults may be expeditiously corrected:

- (1) CITY may correct or cause to be corrected said default or defaults and charge the costs therefor (including costs incurred by CITY in enforcing this provision) to the account of the LESSEE, which charge shall be due and payable on the date that the rent is next due after presentation by CITY of a statement of all or part of said costs.
- (2) CITY may correct or cause to be corrected said default or defaults and may pay the costs thereof (including costs incurred by CITY in enforcing this provision) from the proceeds of any insurance fund held by CITY and LESSEE or by CITY and mortgagee or beneficiary or CITY may use said funds of any faithful performance or cash bond on deposit with CITY, or CITY may call on the bonding agent to correct said default or defaults or to pay the costs of such correction performed by or at the direction of CITY.
- (3) CITY may terminate this lease as to the rights of LESSEE herein by assuming liability for any trust deed or mortgage. LESSEE will assume and agrees to pay any and all penalties or bonuses required by the beneficiaries, trustees or mortgagees as a condition for early payoff of the related notes by CITY. CITY may, as an alternative, substitute for said terminated LESSEE a new LESSEE reasonably satisfactory to the mortgagee or beneficiary.

Should said default or defaults be noncurable by LESSEE, then any lender holding a beneficial interest in said leasehold whose qualifications have been approved by CITY for assignment of the leasehold interest shall have the absolute right to substitute itself to the estate of the LESSEE hereunder and to commence performance of this lease and this lease shall not terminate if such mortgagee or beneficiary shall give notice in writing of its election to so substitute itself and commence performance within said thirty-day period after service upon it of said written notice by CITY of the default. In the event of the election by the mortgagee or beneficiary to so substitute itself to LESSEE'S estate hereunder, the CITY expressly consents to said substitution and authorizes said mortgagee or beneficiary to perform under this lease with all the rights, privileges and obligations of the default if possible by mortgagee or beneficiary, and LESSEE expressly agrees to assign all its interests in and to its leasehold estate in that event.

c. Abandonment by Lessee. Even though LESSEE has breached the lease and abandoned the property, this lease shall continue in effect for so long as CITY does not terminate LESSEE'S right to possession, and CITY may enforce all its rights and remedies under said lease, including, but not limited to, the right to recover the rent as it becomes due under the lease. For purposes of this section, the following do not constitute a termination of LESSEE'S right to possession:

- (1) Acts by CITY of maintenance, or preservation, or efforts to relet the property.
- (2) The appointment of a receiver upon initiative of CITY to protect the CITY'S interest under the lease.

d. Damages which CITY may recover in the event of default under this lease include the worth, at the time of award, of the amount by which the unpaid rent for the balance of the term after the date of award, or for any shorter period of time specified in this lease, exceeds the amount of such rental loss for the same period that the LESSEE proves could be reasonably avoided. The remedies provided by this section are not exclusive and shall be cumulative to all other rights and remedies possessed by CITY, and nothing contained herein shall be construed so as to defeat any other rights or remedies to which CITY may be entitled.

26. Reservation of City Rights. CITY hereby reserves all rights, title and interest in any and all gas, oil, minerals and water beneath said leased premises. CITY shall have the right to enter said leased premises for the purpose of making repairs to or developing municipal services. CITY hereby reserves the right to grant and use such easements or establish and use such rights of way over, under, along and across said leased premises for utilities, thoroughfares, or access as it may deem advisable for the public good. Provided, however, CITY shall not unreasonably interfere with LESSEE'S use of the premises and will reimburse LESSEE for physical damages, if any, to the permanent improvements of LESSEE located on the leased premises resulting from CITY'S exercising the rights retained in this paragraph. CITY shall pay the costs of maintenance and repair of all CITY installations made pursuant to the rights reserved herein.

27. Time is of the Essence. Time is of the essence of each and all of the terms and provisions of this lease and this lease shall inure to the benefit of and be binding upon the parties hereto and any successor of LESSEE as fully and to the same extent as though specifically mentioned in each instance, and all covenants, stipulations and agreements in this lease shall extend to and bind any assigns of sublessees of LESSEE.

28. Waiver. T waiver by CITY of any breach any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition, or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by CITY shall not be deemed to be a waiver of any preceeding breach by LESSEE of any term, covenant or condition of this lease, regardless of CITY'S knowledge of such preceeding breach at the time of acceptance of such rent. Failure on the part of CITY to require or exact full and complete compliance with any of the covenants, conditions or agreements of this lease shall not be construed as in any manner changing the terms hereof and shall not prevent CITY from enforcing any provision hereof.

D. SPECIAL COVENANTS AND CONDITIONS

29. RENTAL OF UNITS. Notwithstanding the provisions of Section IV, Paragraph (A) 2, RIGHT TO ASSIGN AND SUBLET hereof, regulating subletting, LESSEE shall have the right to sublet or rent units consistent with the purpose of this lease without prior CITY approval. It is expressly understood that said subleases or rental agreements shall be subordinate and subject to all of the terms and provisions of the lease agreement. If any of the terms and conditions of the subleases or rental agreements are inconsistent with or contrary to any of the terms and conditions set forth in this lease agreement, the latter shall govern.

30. OPERATIONAL RESTRICTIONS. LESSEE agrees to operate the lease premises in accordance with the following requirements:

- a. Outside Storage - Outside storage will be limited to one (1) screened and fenced trash pick-up for each building. Trash pick-up shall be of such frequency as to eliminate a build-up of trash overflow in the area. At no time shall any other material, refuse boxes, trash bins, or equipment be placed, even on a temporary basis, outside of the buildings.
- b. Truck Doors - Truck doors shall be architecturally designed so as to blend with the overall architectural scheme of the building and the adjacent surrounding walls. Truck doors shall be closed at all times other than for the moving of equipment, parts, and supplies. The area around the truck doors shall be landscaped in a manner so as to de-emphasize their appearance from the street. There shall be no loading docks or overhanging canopies.
- c. Smoke, Noise, and Fumes - No use shall be permitted which shall produce noise in excess of office uses or industrial - electronic assembly type operations,

and no one shall be permitted to produce any obnoxious amount of smoke, smell, or fumes.

- d. Off Street Parking, Landscaping, Building Set Backs are to be approved upon submission of plans, but the basic criteria shall, among other things, provide for one parking space for each 300 square feet of rentable building area.
 - e. There is hereby reserved to the City of San Diego, California, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein conveyed, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using said airspace or landing at, taking off from, or operating on Montgomery Field.
 - f. The LESSEE by accepting this lease expressly agrees for itself, its successors and assigns, that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the land leased hereunder above a mean sea level elevation of 573 feet. In the event the aforesaid covenant is breached, the CITY reserves the right to enter on the land leased hereunder and to remove the offending structure or object and to cut the offending tree, all of which shall be at the expense of the LESSEE.
 - g. LESSEE by accepting this conveyance expressly agrees for itself, its successors and assigns, that it will not make use of the said property in any manner which might interfere with the landing and taking off of aircraft from said Montgomery Field, or otherwise constitute an airport hazard. In the event the aforesaid covenant is breached, the CITY reserves the right to enter on said land leased hereunder and cause the abatement of such interference at the expense of the LESSEE.
31. POSSESSORY INTEREST TAX. LESSEE acknowledges that its interest may be subject to a possible possessory interest tax that the County of San Diego may impose on such interest, and LESSEE agrees that such tax payment shall not reduce any rent due the City hereunder and LESSEE agrees that any such tax shall be the liability of and be paid by the LESSEE before becoming delinquent.
32. AVIATION USE RESTRICTIONS. The LESSEE by accepting this lease expressly agrees for itself, its successors and assigns, that it will not permit aviation uses on said premises without first obtaining the written

permission of the City Manager of City each requested aviation or related use. It is City's intent not to permit uses that would be in direct competition with CITY Lessees engaged in the aviation business on Montgomery Field.

IN WITNESS WHEREOF, this lease agreement is executed by CITY, by and through the City Manager, and by LESSEE.

THE CITY OF SAN DIEGO

Date

July 27, 1979

BY

ASSISTANT TO THE

City Manager

LESSEE: Montgomery Field Two; A
Limited Partnership

Date

JULY 26th 1979

BY

Donald F. Sammis
Donald F. Sammis, General Partner

BY

Douglas O. Allred
Douglas O. Allred, General Partner

BY

Ronald G. Wheatcroft
Ronald G. Wheatcroft, General Partner

APPROVED as to form and legality this 30 day of July,
1979.

JOHN W. WITT, City Attorney

BY

Frederick Conrad
Deputy

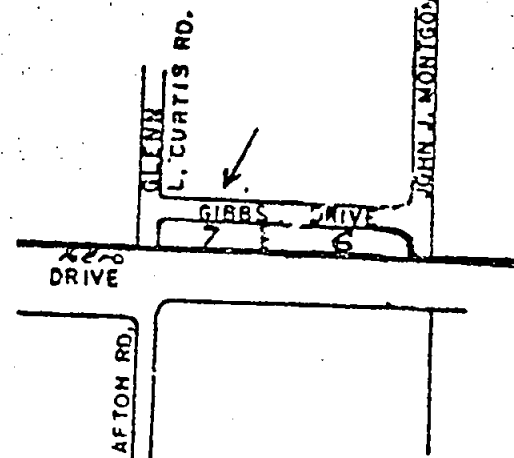
MONTGOMERY AIRPORT

Parcel 7

CITY OF SAN DIEGO

MONTGOMERY FIELD TWO

VICINITY
MAP



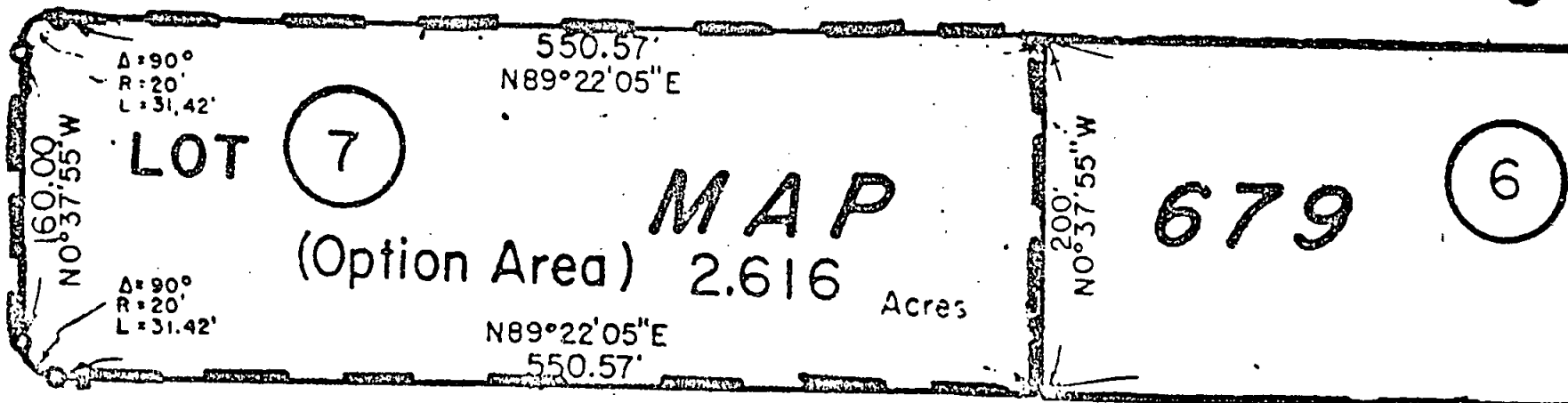
SCALE: 1" = 100'

NEW RIVERSIDE

GIBBS DRIVE

L. CURTIS RD.

GLENN



LESSEE, Dated JULY 26th 1979

Lessee's Initials

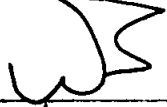


THIS ADDENDUM IS ATTACHED TO AND MADE A PART OF THAT CERTAIN LEASE
BY AND BETWEEN THE CITY OF SAN DIEGO, A MUNICIPAL CORPORATION, AND
MONTGOMERY FIELD TWO, a limited partnership whose General Partners
are Donald F. Sammis, Douglas O. Allred and Ronald G. Wheatcroft,
LESSEE, Dated _____.

SECTION IV PARAGRAPH C 24, OWNERSHIP OF IMPROVEMENTS (continued)

The Lessee, in accordance with this section hereof, has the right to
remove from the demised premises only those fixtures as described
below: (if none, write none)

All personal property, equipment, furniture, trade fixtures,
and tenant improvements which can reasonably be removed
without structural damage to the permanent improvements on
the leased premises.



ASSISTANT TO THE City Manager's Initials

Lessee's Initials

Me
RECEIVED
CITY CLERK'S OFFICE
1978 JUL 27 PM 3:45
SAN DIEGO, CALIF.

DATE OF RECEIPT

MONTGOMERY FIELD BUSINESS PARK

**8525 GIBBS DRIVE
8575 GIBBS DRIVE
8665 GIBBS DRIVE
8690 AERO DRIVE
SAN DIEGO, CALIFORNIA**

**APPLICATION FOR CONSENT
TO GROUND LEASE ASSIGNMENT
JULY 12, 1999**

Assignor: San Diego Hospital Association
Assignee: Montgomery Field LLC, a California limited liability company

Submitted to:
Ms. Diana L. Drake, Property Agent
City of San Diego
3750 John J. Montgomery Drive
San Diego, CA 92123
Phone: (619) 473-1433
Fax: (619) 279-0536

Submitted by:
Montgomery Field LLC
c/o Levin Menzies Kelly and Associates LLC
1981 N. Broadway, Suite 415
Walnut Creek, CA 94596
Phone: (925) 937-4111
Fax: (925) 937-4173



Levin Menzies Kelly
AND ASSOCIATES

Application for Consent to Ground Lease Assignment Table of Contents

Montgomery Field Business Park

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a limited liability company

Levin Menzies Kelly
AND ASSOCIATES



Montgomery Field Business Park

San Diego, California





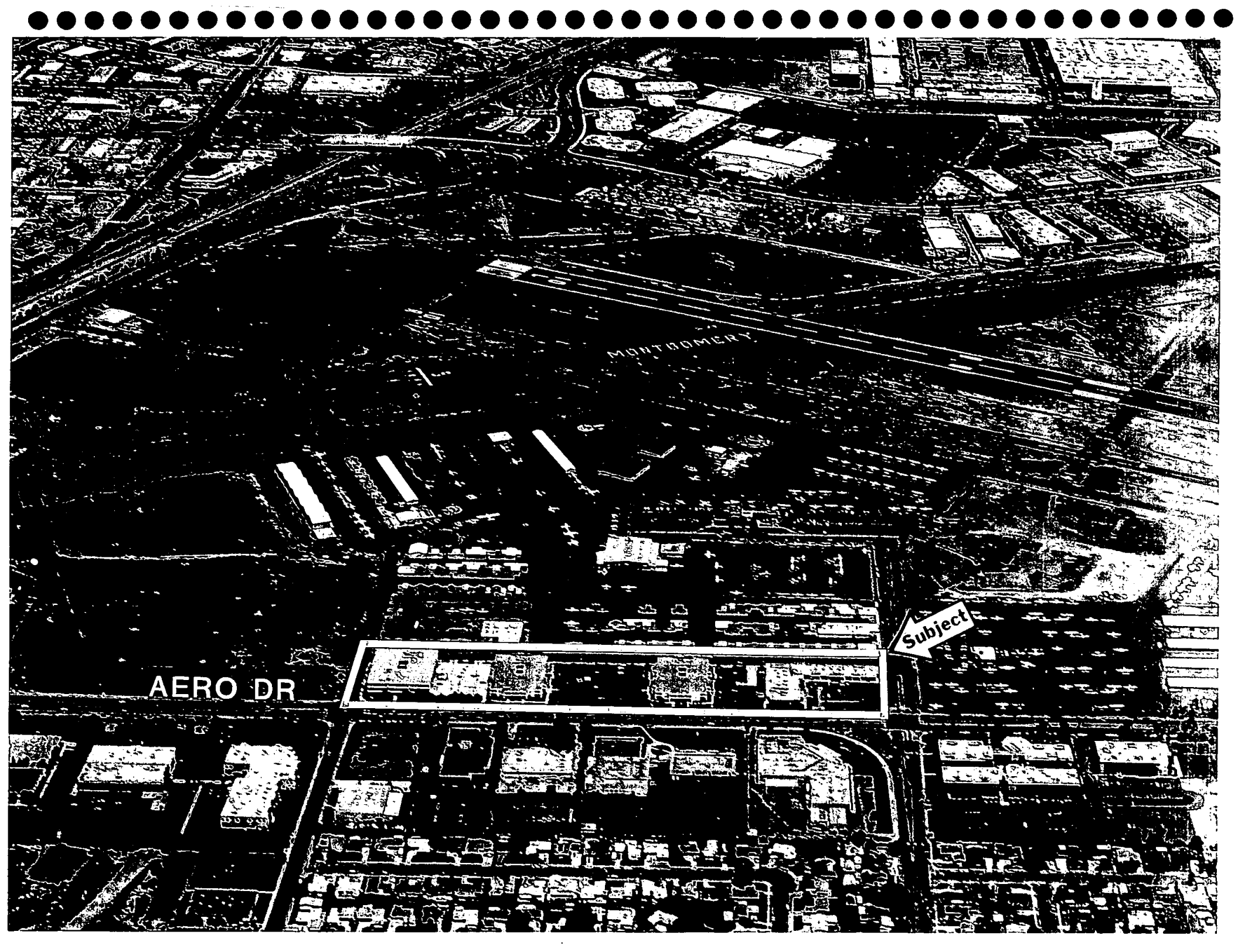
Levin Menzies Kelly
AND ASSOCIATES



Montgomery Field Business Park

San Diego, California





AERO DR

MONTGOMERY

Subject





Levin Menzies Kelly
AND ASSOCIATES

Section 2

Introduction

Montgomery Field Business Park

Property Description

The Land

Montgomery Field Business Park (the "Property") is situated on 5.819 acres of land owned by the City of San Diego. The land is comprised of two parcels known as Lot 6 and Lot 7.

Ground Leases

These parcels are governed by two ground leases known by the City of San Diego as Document No. 763376 - Lot 6 MYF, expiring in 2033, and Document No. 766982 - Lot 7 MYF, expiring in 2034, (collectively, the "Ground Leases").

The Business Park

Montgomery Field Business Park consists of the four buildings listed below:

- 8665 Gibbs Drive (2-story office building)	43,780 s.f.
- 8690 Aero Drive (1-story retail building)	21,446 s.f.
- 8575 Gibbs Drive (2-story office building)	44,360 s.f.
- 8525 Gibbs Drive (3-story office building)	<u>68,227 s.f.</u>
Total	177,813 s.f.

Current Ownership

San Diego Hospital Association, a Sharp Healthcare organization, currently owns the Property. Management, marketing and leasing of the Property is currently handled by Sharp Healthcare's in-house Facilities Group.

Current Occupancy

Approximately 155,000 square feet, or 87%, of the Property is presently occupied.

Sharp Healthcare

Sharp Healthcare occupies 88,861 s.f., or approximately 50% of the Property. Sharp's tenancy is spread throughout the property, occupying space in all three office buildings, but not maintaining any space in the retail building.

Sharp will remain in 12,274 s.f. through September, 1999, and 76,388 s.f. through October, 1999. At that time, Sharp will have vacated all of its tenancy. We are discussing the possibility of Sharp's continued occupancy of 10,000 s.f. to 30,000 s.f. of space for a longer term lease.



Levin Menzies Kelly
AND ASSOCIATES

Section 2

Introduction

Montgomery Field Business Park

Non-Sharp Tenants

Tenants presently occupying the Property, other than Sharp Healthcare, are listed below:

Office Tenants

- U.S. Government Federal Aviation Association
- Public Defender for the County of San Diego
- Alternate Public Defender for the County of San Diego
- Scandinavian Flight Academy
- Pacific Coast Collections

Retail Tenants

- B&B Deli
- Montgomery Cleaners
- Printing, Etc.
- Aero Mail
- Clown Market
- Marv Golden Pilot Supplies
- Finest City Flight
- Pedro's Mexican Restaurant
- Action Data
- Hairport

Terms of Purchase

Purchase Price

\$4,105,000

Terms

All cash at close of escrow



Levin Menzies Kelly
AND ASSOCIATES

Section 3

Asset Management Plan

Montgomery Field Business Park

Kearny Mesa Office Market

According to the CB Richard Ellis Multi-Tenant Buildings – First Quarter 1999 Office Market Report, the Kearny Mesa Office Market consists of 4.6 million square feet.

Rental rates for Class B and C office buildings comparable to those at the Property are set forth below. All rents are expressed as dollars per square foot per month.

Class B Buildings

From \$1.30 Full Service to \$1.55 Plus Utilities

Class C Buildings

From \$1.00 Plus Utilities to \$1.20 Full Service

Retail Market

The retail market tracks properties within a larger radius, including areas such as Clairemont and Tierrasanta with Kearny Mesa lease comparables. For that reason, rental rates are reported in a wide range. Leasing professionals such as Flocke & Avoyer and Retail Properties Group have opined that the rental rates for the retail building at the Property may range from \$1.00 – \$1.25 per square foot per month on a net lease basis.

Exterior Refreshment

In order to achieve market rents at the Property, the exterior and interior finishes require rehabilitation. A fresh look will draw new tenants to the building and retain those desirable tenants presently occupying space at the Property. Montgomery Field LLC has set aside substantial reserves in its financing arrangements and operating budget to refresh the property.

Physical Review

A thorough review of the physical condition of the Property has been performed. The following consultants were engaged to evaluate all aspects of the Property:



Levin Menzies Kelly
AND ASSOCIATES

Section 3

Asset Management Plan

Montgomery Field Business Park

Physical Review (cont'd)

<i>Architectural.</i>	Bruce Becket & Associates
<i>Parking/Site Layout. .</i>	Soorgul Wardak, P.E. of PSOMAS
<i>Structural.</i>	Seneca Structural Engineering, Inc.
<i>Fire & Life Safety . . .</i>	Brad Shaw Engineering Corporation
<i>HVAC.</i>	Pacific Rim Mechanical
<i>Electrical.</i>	Neal Electric
<i>Environmental.</i>	Randall T. Hicks, P.E. of Hicks Consulting
<i>Cost Estimates.</i>	Swinerton Management and Consulting

Capital Improvements

In order to refresh the buildings, the following improvements are being contemplated:

- New Interior and Exterior Color Scheme
- Refreshed Tenant Entrances
- New Interior Lobbies
- Revised Atrium Décor
- New Office and Retail Sign Programs
- Repave and Re-stripe the Parking Lots
- Upgrade HVAC systems
- Upgrade Electrical systems
- ADA Improvements



Levin Menzies Kelly
AND ASSOCIATES

Section 3

Asset Management Plan

Montgomery Field Business Park

Cooperation with Brokerage Community

In the past, the brokerage community has not been involved in the marketing or leasing of the Property. We believe it is imperative to cooperate with leasing professionals who possess intimate knowledge of the Property and the Kearny Mesa market to capture all leasing opportunities in the market, and to attract high quality business and professional tenants.

Office Leasing

Don Mitchell, an office leasing broker with CB Richard Ellis, has demonstrated superb knowledge of this market and plays an integral role in orchestrating tenant activity. Mr. Mitchell will be representing the Property to the office community and will be given incentive to cooperate with all brokers who may represent potential tenants for the Property.

A profile of Mr. Mitchell and his leasing team is included at the conclusion of this Section 3.

Retail Leasing

The retail component of the Property requires repositioning and renewal of several of the tenant's leases. We are in the process of choosing a brokerage company specializing in boutique retail properties such as this one. Retail Properties Group and Flocke & Avoyer have stellar reputations in the industry and are being considered for this task.

Property Management

The Property has not had the benefit of a professional, third-party property management company since approximately 1997 when John Burnham & Company managed the Property for Sharp Healthcare. We believe tenants will benefit directly from a professional property management company, with years of hands-on experience in this market.



Levin Menzies Kelly
AND ASSOCIATES

Section 3

Asset Management Plan

Montgomery Field Business Park

CB Richard Ellis has a strong presence in the San Diego market and has been chosen to perform this task.

The CB Richard Ellis Asset Services Team has decades of experience with properties similar to the Montgomery Field Business Park which will contribute greatly to rationalizing operations at the Property.

The biographies of the Asset Services team are included at the conclusion of this Section 3.



Levin Menzies Kelly
AND ASSOCIATES

Section 3

Asset Management Plan

Montgomery Field Business Park

Profile of Leasing Team



THE HURDLERS *PROFILE*

"Hurdling the Competition"



Don Mitchell
Vice President

Kim Morgan
Marketing Specialist

Paul Lafrenz
First Vice President

Ken Kisbert
Senior Associate

WHY ARE WE A TEAM?

We bring together a market knowledge and experience base which jointly makes us a more effective force for our clients than we are as individuals.

Our collaboration began two years ago with the relocation of Don Mitchell and Ken Kisbert to our downtown office, their in depth knowledge of Kearny Mesa and Mission Valley in tow. Paul Lafrenz, a veteran of the downtown office, combined his expertise of downtown with experience and expertise in the Mission Valley and Kearny Mesa markets. Kim Morgan joined the team as a marketing specialist to orchestrate a tailored marketing system for all projects emphasizing professionalism, creativity, and responsiveness.

Our combined 50 years experience in leasing and investment sales means knowledge and expertise that is unsurpassed by any individual broker.

WHAT IS OUR GOAL?

Combining our abilities and strengths, we will provide unsurpassed service with professionalism and integrity. Our efforts and programs are designed to achieve maximum results for our clients. We provide the appropriate balance between aggressiveness, tact, technical expertise, responsiveness and attention to detail.

Mission Statement

"Incorporating an ownership perspective, a vision to the future, and a tireless, concentrated work ethic, we will provide a level of service which hurdles our competition."

HOW WILL WE ACCOMPLISH OUR GOALS?

- ★ We play to our individual strengths.
- ★ We take an organized, specialized, and focused approach to all of our projects, large and small.
- ★ We jointly share our knowledge base to create and pursue more opportunities for our clients.
- ★ We emphasize "team effort" to greater enhance our market coverage.
- ★ We analyze and understand our markets to therefore adjust accordingly to provide a marketing program most appropriate for our clients.

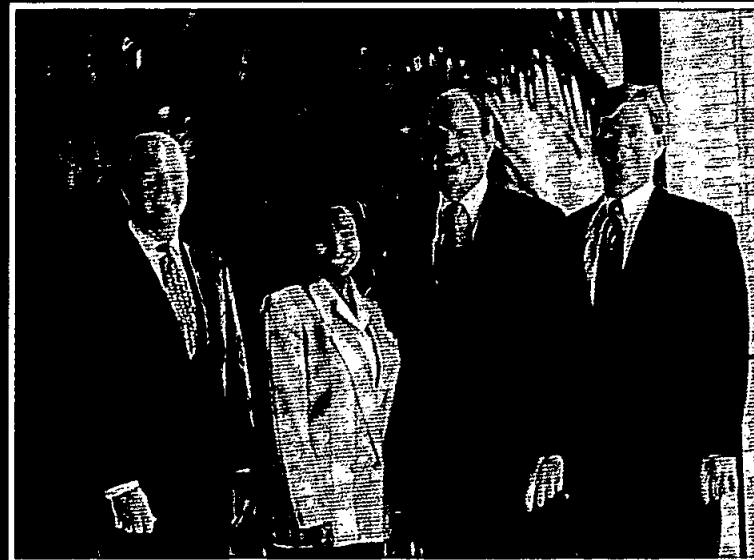
CB  Richard Ellis

600 West Broadway, Ste 2100
San Diego, California 92101
(619) 696-8444 (619) 696-8443 Fax

Why Others Work with Us!

"High degree
of honesty,
integrity and
devotion to
getting the
job done"
Alan Jaffe
9/9/98

"Overwhelming
enthusiasm and on
point presentations"
Edward Cook
9/11/98



"Unsurpassed
technical expertise
and attention to
detail"
Randy Lang,
Glitch Properties
9/30/98

"If you need the
best and expect
the best hire this
team"
Alan Jaffe
9/9/98

"Persistence,
professionalism and
concentrated work ethic"
Mark Duross,
Glitch Realty
11/2/98

"The team at
Glitch is
always willing
and ready to
assist in any
and every way
possible. They
are a pleasure
to work with."



THE HURDLERS' SPOTLIGHT

"Hurdling the Competition"

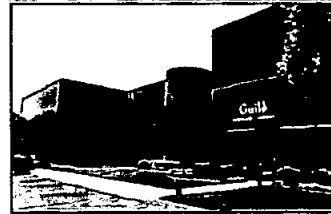
*The Hurdlers were pleased to lease the following properties in 1998.
To all our clients, we appreciate the opportunity to work with you.*



Seville Plaza
Kearny Mesa
99% Leased



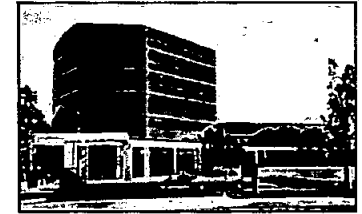
Four Points Business Park
Kearny Mesa
97% Leased



Guild Mortgage Building
Kearny Mesa
100% Leased



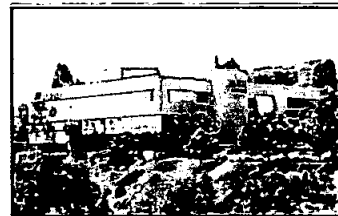
Genesis Plaza
Kearny Mesa
85% Leased



StoneCrest
Kearny Mesa
100% Leased



Airport Plaza
Kearny Mesa
94% Leased



5151 Murphy Canyon Road
Kearny Mesa
100% Leased



Enterprise Plaza
Mission Valley
90% Leased



Coldwell Banker
Mission Valley
100% Leased



Rio Sur
Mission Valley
100% Leased

CB Richard Ellis

For further information or to contact us please call:

Paul Lafrenz
First Vice President
(619) 696-8317

Don Mitchell
Vice President
(619) 696-8316

Ken Kisbert
Senior Associate
(619) 696-8318

Kim Morgan
Marketing Specialist
(619) 696-8444

600 West Broadway, Ste 2100, San Diego, CA 92101



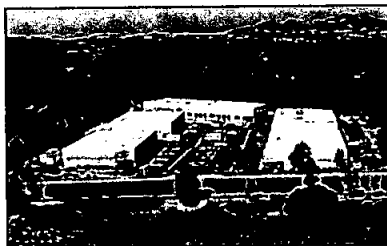
THE HURDLERS' SPOTLIGHT

"Hurdling the Competition"

*The Hurdlers were pleased to sell the following properties in 1998.
To all our clients, we appreciate the opportunity to work with you.*



Kearny Villa Court (Industrial)
Kearny Mesa
90,038 SF



Stowe Industrial Park
Poway
56,165 SF



Otay Mesa Industrial Park (Land)
Otay Mesa
17.5 Acres



SDI Square (Office)
San Carlos
20,620 SF

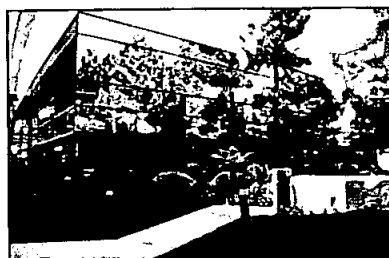


Four Governor Park (Office)
Governor Park
46,496 SF

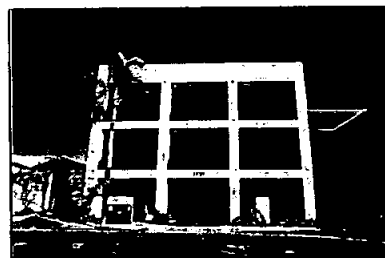
Total consideration for this portfolio was in excess of \$22 million!



CB Richard Ellis (Office)
Downtown
15,000 SF
\$1.15 million
"Our company selected us to sell"



Enterprise Plaza (Office)
Mission Valley
70,000 SF
\$6.4 million
Record price for "Ground
Lease" property



1731 Kettner (Office)
Downtown
9,200 SF
\$1.065 million
"Closed in three weeks"



939-945 Fourth Avenue (Office/Retail)
Downtown
23,500 SF
\$4.1 million
"Record setting price per square foot"

CB Richard Ellis

For further information or to contact us please call:

Paul Lafrenz
First Vice President
(619) 696-8317

Don Mitchell
Vice President
(619) 696-8316

Ken Kisbert
Senior Associate
(619) 696-8318

Kim Morgan
Marketing Specialist
(619) 696-8444

600 West Broadway, Ste 2100, San Diego, CA 92101



Levin Menzies Kelly
AND ASSOCIATES

Section 3

Asset Management Plan

Montgomery Field Business Park

Biographies of Asset Services Team

CB Richard Ellis

ASSET SERVICES

John Records oversees Asset Services for CB Richard Ellis' Western Region. This comprises the markets in California, Oregon, Washington, and Hawaii. Responsible for over 68 million square feet of institutionally-owned real estate.

John joined CB Richard Ellis in 1991 as Vice President, Investment Properties in Sacramento, California. In 1993, he was named Senior Vice President and Managing Officer at the Las Vegas office, where he received the Frank Mahoney Leadership Award for 1994 and 1995. In 1997, John was appointed Executive Managing Director for the Real Estate Services Group, Northwest Region.



JOHN W. RECORDS
Senior Managing Director

Direct Line: (949) 955-2015, Ext. 205

Fax: (949) 833-2476

Office: (949) 955-2015

Email: jrecords@cbrichardellis.com

CB Richard Ellis
5000 Birch Street, Suite 9000
Newport Beach, California 92660

EDUCATION

University of Washington, International Business

EXPERIENCE

CB Richard Ellis
Senior Managing Director, Asset Services Western Region

CB Richard Ellis
Executive Managing Director, Real Estate Services Northwest Region

CB Richard Ellis
Senior Vice President & Managing Officer Las Vegas

CB Richard Ellis
Vice President, Investment Properties Sacramento

Norris, Beggs & Simpson
Partner & Sacramento Regional Manager

AREAS OF SPECIALITY

- Property management
- Brokerage
- Mortgage banking

PARTIAL CLIENT TYPE

- Advisors
- Institutional ownership
- Real Estate Investment Trusts
- Pension funds
- Private portfolio owners
- Private single asset ownership

**Asset
Services**

JOHN W. RECORDS

Senior Managing Director

Page 2

HONORS AND AWARDS

- Frank Mahoney Leadership Award (1994 & 1995)

PROFESSIONAL AFFILIATIONS

- BOMA (Past President, Sacramento Chapter)
- NAIOP (Past President, Southern Nevada Chapter)

CB Richard Ellis

COMMERCIAL PROPERTIES

An accomplished professional, Joe Newman manages both the San Diego and Hawaii Regions, with a staff of 50 management professionals and a combined portfolio totaling approximately 10 million square feet. With over 18 years related experience, including 15 with CB Richard Ellis, Mr. Newman provides supervision for management, leasing, repositioning and real estate consulting services to a vast clientele.

A consistent top performer and strong team builder, Mr. Newman has served a full spectrum of institutional investors, realty/pension fund advisors, and private ownership entities throughout his career.



JOE NEWMAN, CPM®
Managing Director

Direct Line: (619) 646-4700
Fax: (619) 646-4747
Office: (619) 546-4600
Email: jnewman@cbrichardellis.com

CB Richard Ellis
4365 Executive Drive, Suite 900
San Diego, CA 92121-2127

EDUCATION

University of Arizona
Master of Science

University of California, Santa Barbara
Bachelor of Arts

Certified Property Manager (CPM®)

PRIOR EXPERIENCE

Sharp Healthcare System
Facilities Director/Health Services Manager

PROFESSIONAL AFFILIATIONS

- Board of Directors, Institute of Real Estate Management (IREM), San Diego
- International Council of Shopping Centers (ICSC)
- Building Owners and Managers Association (BOMA)

Asset
Services

CB Richard Ellis

COMMERCIAL PROPERTIES

As senior real estate manager for CB Richard Ellis, Bill Punch is responsible for a mixed-use portfolio of approximately 1 million square feet, including office and industrial product types.

Since joining the San Diego management team, Bill has used his over 20 years of property management and real estate-related experience well, and has assumed responsibility of all aspects of real property management.



BILL PUNCH, CPM®

Senior Real Estate Manager
San Diego Region

Office: (619) 279-4505

Fax: (619) 279-4209

Email: bpunch@cbrichardellis.com

CB Richard Ellis
5473 Kearny Villa Road, Suite 270
San Diego, California 92123

PRIOR EXPERIENCE

City of San Diego, Real Estate Department
Managing various brokerage assignments throughout San Diego County

EDUCATION

California Western University, San Diego
Bachelor of Arts; Business Administration

Certified Property Manager (CPM) (1987)
California Licensed Real Estate Broker

PROFESSIONAL AFFILIATIONS

Active Member, IREM, San Diego Chapter
Active Member, San Diego Association of Realtors

CURRENT RESPONSIBILITIES

Responsible for all aspects of real property management, including:

- Marketing
- Tenant relation
- Physical maintenance
- Budgeting
- Expense control
- Financial reporting
- General property administrative functions
- Lease renewals, expansions, and amendments

ASSET
SERVICES

CB Richard Ellis

COMMERCIAL PROPERTIES

Jocelyn Lozier has broad management experience on both high-rise and mid-rise garden office projects, as well as multi-tenant and single-tenant industrial properties. Her extensive training as a Property Manager for Spectrum Property Management, including responsibility for daily operational duties for a mixed portfolio of office, industrial and commercial associations, prepared her well for her current role as a real estate manager for the San Diego Region.



JOCELYN LOZIER, RPA

Real Estate Manager
San Diego Region

Office: (619) 587-9955

Fax: (619) 457-8035

Email: jlozier@cbrichardellis.com

CB Richard Ellis
3366 North Torrey Pines Court
Suite 110
La Jolla, California 92037

EXPERIENCE

CB Richard Ellis (1993-present)
Real Estate Manager, San Diego

Spectrum Property Management (1990-1993)
(a full-service real estate management firm)
Property Manager

Responsibilities included:

- Maintaining daily operational duties for a mixed portfolio of office, industrial and commercial associations in San Diego
- Annual budget preparations
- Marketing and leasing negotiations
- Maintenance issues
- Tenant and owner relations

PROFESSIONAL AFFILIATIONS

IREM National and local San Diego Chapter

EDUCATION

University of San Diego
Bachelor of Arts; International Relations with a minor in Business

Certified Property Manager (CPM) (candidate)
Real Property Administrator (RPA)
California Licensed Real Estate Broker

CURRENT RESPONSIBILITIES

All aspects of property operations, including:

- Budgeting
- Reconciliations
- Vendor and tenant insurance tracking
- Maintenance supervision
- Receivables
- Tenant and owner relations
- Marketing and leasing activities
- Maintains all daily tenant service requests
- Coordinates engineering
- Supervises vendor services & maintenance staff
- Processes local project accounting
- Prepares financial reports
- Oversees tenant improvements
- Assists with marketing on office & industrial accounts

CB Richard Ellis

ASSET SERVICES

A personable and open-minded team player, Rick is admired for the unparalleled commitment and dedication that he brings to every facet of his daily responsibilities. He faces every challenge with infectious humor and tireless determination to "get the job done".

Rick also played a key role in the formation of CB Richard Ellis' energy coalition, enabling the company to take advantage of opportunities in the proposed energy field deregulation in 1998.

RICK RANDOLPH Managing Director Technical Services

Direct Line: (949) 474-9898, ext. 436

Fax: (949) 757-1702

Office: (949) 474-9898

Email: rrandolph@cbrichardellis.com

CB Richard Ellis
5000 Birch Street, Suite 6000
Newport Beach, California 92660

EDUCATION

California State University at Fullerton
Bachelor of Business

EXPERIENCE

CB Richard Ellis
National Managing Director, FM Select

AREAS OF SPECIALITY

- Asset Management
- Facilities Management
- Operations
- Construction Management
- Telecommunications
- Purchasing

PARTIAL CLIENT TYPE

- Advisors
- Institutional ownership
- Real Estate Investment Trusts
- Pension funds
- Governmental agencies
- Private portfolio owners
- Private single asset ownership

NOTABLE ASSIGNMENTS

- 3 years as Facilities Manager for Hughes Aircraft account and was instrumental in expanding the CB Richard Ellis' relationship with Hughes.

PROFESSIONAL AFFILIATIONS

- Building Owners and Managers Association (BOMA)
- Institute of Real Estate Management
- Facility Management Association (IFMA)



Levin Menzies Kelly
AND ASSOCIATES

Section 4

Profile of Proposed Ownership

Montgomery Field Business Park

Proposed Ownership

Montgomery Field LLC Montgomery Field LLC, a California limited liability company is a single-asset entity, which was formed in May 1999 for the sole purpose of owning and operating the Montgomery Field Business Park. It is managed by Levin Menzies Kelly and Associates LLC ("LMK").

Business License

Upon close of escrow, Montgomery Field LLC will apply for appropriate business licenses from the City and County of San Diego.

About the LLC Manager

Levin & Menzies Incorporated Formed in 1985, Levin & Menzies Incorporated ("LMI"), the predecessor company to LMK, bought, financed, managed and sold commercial real estate. Principals of the firm upon inception were Dr. Marvin T. Levin and Paul D. Menzies.

Levin Menzies Kelly And Associates LLC On January 1, 1998, Dr. Levin and Mr. Menzies were pleased to continue their association with D. Michael Kelly in the formation of a successor company, Levin Menzies Kelly and Associates. LMI previously, and LMK presently, considers a variety of property types as potential investment opportunities. Of particular interest are office, retail and apartment properties with special opportunities such as vacancy, environmental issues, foreclosure, bankruptcy, or which need market repositioning. The company has the ability to analyze, underwrite and manage such issues.

LMK's current portfolio consists of 19 properties valued at approximately \$234 million. Properties are typically purchased in single-asset entities, as preferred by lenders. Prior to the formation of LMI, Dr. Levin, Mr. Menzies and



Levin Menzies Kelly
AND ASSOCIATES

Section 4

Profile of Proposed Ownership

Montgomery Field Business Park

Mr. Kelly were principals in the large real estate syndication firm of Consolidated Capital. The principals sold that firm in July of 1985.

Biographies of Principals

*Marvin T. Levin,
J.D., Ph.D.*

As a founding partner of Consolidated Capital in 1970, Dr. Levin was instrumental in its growth into one of the largest real estate syndication firms in the country. Under his direction, the company acquired and managed over \$2.5 billion of real estate nationwide in 23 large publicly traded limited partnerships.

Dr. Levin graduated from the University of California, Berkeley, in 1952, Phi Beta Kappa, with a Bachelor's degree in Business Administration. He received his Doctorate of Jurisprudence from Boalt Hall at U.C. Berkeley in 1955. In 1977, he received a Master's degree in Business Administration from Golden Gate University. He has been a member of the California State Bar since 1956, and passed his certified public accountant examinations in 1955.

Paul D. Menzies

Mr. Menzies became involved in real estate investment and development in 1971. Joining Consolidated Capital in 1980 as Vice President-Mortgage Finance, Mr. Menzies was responsible for the initiation, funding and management of large loan portfolios totaling in excess of \$800 million in three publicly traded REITs.

Mr. Menzies attended the London School of Economics, is a Phi Beta Kappa graduate of the University of California, Berkeley, and received his Master's degree in Business Administration from U.C. Berkeley with an emphasis on Real Estate and Finance. Mr. Menzies has completed course work at Golden Gate University towards a Ph.D. in Business Administration.



Levin Menzies Kelly
AND ASSOCIATES

Section 4

Profile of Proposed Ownership

Montgomery Field Business Park

D. Michael Kelly

Mr. Kelly joined Consolidated Capital in 1972 and was responsible for the negotiation, acquisition, lease up and management of large retail projects and other commercial properties. When the company was sold in 1985, Mr. Kelly was Senior Vice President of REITs.

Mr. Kelly attended Texas Technological University and majored in Finance. In 1977, he received his MBA in Finance from Pepperdine University. Mr. Kelly was certified by the International Council of Shopping Centers in the early 1970s, and was frequently called on to address conferences and seminars sponsored by the Council.

Prior to the formation of LMK with Mr. Levin and Mr. Menzies in 1998, Mr. Kelly was principal of MK Consulting Company, providing services to clients in California and Texas, and specializing in the development, acquisition, analysis, financing and management of large retail and commercial real estate projects

Legal Names

Marvin T. Levin
Paul D. Menzies
D. Michael Kelly

Mailing Address

Levin Menzies Kelly and Associates LLC
1981 N. Broadway, Suite 415
Walnut Creek, California 94596



Levin Menzies Kelly
AND ASSOCIATES

Section 4

Profile of Proposed Ownership

Montgomery Field Business Park

Current Portfolio Under Ownership and Management

Entity	Property	Property Description	Estimated Property Value
Reed Avenue LLC	Riverpointe Plaza Reed Avenue & Hwy 80 West Sacramento, California	Six highway commercial lots (8-acre parcel) 2 parcels sold	\$2,250,000
2000 North Loop LP	The Offices at Piney Point Houston, Texas	154,395 s.f. office complex (88% occupied)	\$10,800,000
LMI Investors 28 LLC	534 Fourth Street San Francisco, California	28,000 s.f. (+8,000 s.f. basement) office building (100% occupied)	\$ 7,500,000
29 th Street Investments LLC	Orchard Shopping Center Loveland, Colorado	170,479 shopping center (100% occupied)	\$14,156,000
445 Bush Street LLC	Pacific States Building San Francisco, California	46,700 s.f. office building (100% occupied)	\$15,000,000
Fremont Business Park LLC	Aurora Highlands Shopping Center Aurora, Colorado	128,316 s.f. shopping center (100% occupied)	\$9,300,000
Vinings Forest LLP	Vinings Forest Atlanta, Georgia	48-unit condominium project (100% sold)	\$6,096,000
Commonwealth Partners LP	Wimbledon Apartments Portland, Oregon	491-unit apartment complex (96% occupied)	\$16,500,000
Wyoming Ranch LLC	Cassidy River Ranch, Sundance Mesa and Medicine Bow Rawlins, Wyoming	186 40-acre parcels (55% sold)	\$6,500,000
Rainbow Bend Investment LLC	Rainbow Bend Subdivision Reno/Sparks, Nevada	283-lot subdivision, plus additional acreage (80% sold)	\$1,500,000
Rolling Oaks Estates LLC	Rolling Oaks Estates Red Bluff, California	53 five-acre parcels (under contract to sell)	\$2,800,000
2000 North Loop LP	3 parcels of land adjacent to 2000 North Loop Houston, Texas	3 parcels (one parcel sold)	\$ 800,000
Shreveport American Tower Investors LLC	American Tower Shreveport, Louisiana	184,898 s.f. office building and 426-car parking garage (55% occupied)	\$6,475,000



Levin Menzies Kelly
AND ASSOCIATES

Section 4

Profile of Proposed Ownership

Montgomery Field Business Park

Entity	Property	Property Description	Estimated Property Value
Ninth & Howard LLC	190 Ninth Street San Francisco, California	45,000 s.f. commercial/industrial building	\$12,700,000
Spring Road LLP	Spring Road Smyrna, Georgia	100-unit condominium project (development starts 07/99)	\$12,900,000
Lincoln Mall LLC	Lincoln Mall Matteson, Illinois	370,000 s.f. regional shopping mall (70% occupied)	~~\$45,000,000~~
74 New Montgomery LLC	74 New Montgomery Street San Francisco, California	109,000 s.f. office building (100% occupied)	\$33,000,000
Bryant Springs LLC	945 Bryant Street San Francisco, California	43,000 s.f. office building (vacant – development project)	\$13,900,000
Bryant Springs LLC	836-840 Brannan Street San Francisco, California	48,000 s.f. office building (to be built)	\$16,800,000
TOTAL			\$233,977,000



Levin Menzies Kelly
AND ASSOCIATES

Section 5

Purchase Agreement

Montgomery Field Business Park

ASSIGNMENT AND ASSUMPTION OF PURCHASE AGREEMENT

This Assignment and Assumption of Purchase Agreement ("Assignment") is made as of July 12, 1999, by and between Levin Menzies Kelly and Associates LLC, a California limited liability company ("LMK"), and Montgomery Field LLC, a California limited liability company ("Montgomery Field").

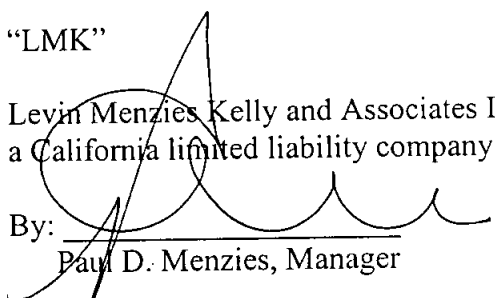
1. Purchase Agreement. San Diego Hospital Association, a California nonprofit public benefit corporation, as seller ("Seller"), and LMK, as buyer, entered into that certain Purchase Agreement and Escrow Instructions dated as of July 12, 1999 ("Purchase Agreement"). LMK has deposited the amount of \$100,000 as an initial deposit, and will deposit or has deposited an additional \$50,000 as a second deposit pursuant to Section 2.3.1 of the Purchase Agreement (together, "Deposit").

2. Assignment. LMK hereby assigns to Montgomery Field all of LMK's right, title and interest under the Purchase Agreement, including all rights in the Deposit made thereunder. Montgomery Field hereby accepts said assignment and assumes all of LMK's obligations under the Purchase Agreement as if Montgomery Field had executed the Purchase Agreement as of its original date. Without limiting the foregoing, Montgomery Field agrees to assume and be bound by any action previously taken by LMK pursuant to the Purchase Agreement.

3. No Release of Liability. LMK acknowledges that this assignment will not release LMK of its obligations under the Purchase Agreement on or before close of escrow, provided, however, that after the date of this assignment, Montgomery Field (and not LMK) shall be obligated to execute the documents required to close the transaction described in the Purchase Agreement, and LMK shall have no obligation or liability thereunder.

"LMK"

Levin Menzies Kelly and Associates LLC,
a California limited liability company

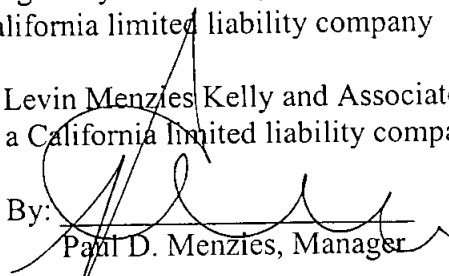
By: 

Paul D. Menzies, Manager

"Montgomery Field"

Montgomery Field LLC,
a California limited liability company

By: Levin Menzies Kelly and Associates LLC,
a California limited liability company

By: 

Paul D. Menzies, Manager

PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS

BETWEEN

SAN DIEGO HOSPITAL ASSOCIATION,
a California non-profit
public benefit corporation

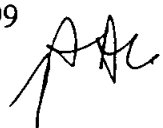
("Seller")

and

LEVIN MENZIES KELLY AND ASSOCIATES LLC,
a California limited liability company

("Buyer")

Dated: July ~~8~~th 1999
12th



PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS

12th 
This PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS ("Agreement") is made and entered into this 12th day of July 1999, by and between SAN DIEGO HOSPITAL ASSOCIATION, a California non-profit public benefit corporation ("Seller"), and LEVIN MENZIES KELLY AND ASSOCIATES LLC, a California limited liability company ("Buyer"), with reference to the facts set forth below and constitutes (i) a contract of purchase and sale between the parties, and (ii) escrow instructions to Chicago Title Company ("Escrow Agent") the consent of which appears at the end hereof.

RECITALS

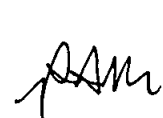
A. The City of San Diego, a municipal corporation ("City"), is the owner of certain land located at 8525, 8575, 8665 Gibbs Drive, and 8690 Aero Drive, San Diego, California, more particularly described on Exhibit A attached hereto and incorporated herein ("Land").

B. Seller is the owner of certain leasehold interests on the Land described as (a) that certain ground lease entitled "Flat Rate Lease" recorded March 20, 1979, as File No. 79-115029 in the Office of the County Recorder of San Diego, California, with attached Addendum, by and between Montgomery Field One, a partnership, as lessee, and the City, as lessor (the "Montgomery Field One Ground Lease"), and (b) that certain ground lease entitled "Flat Rate Lease" recorded May 27, 1980 as File No. 80-170706 in the Office of the County Recorder of San Diego, California, with attached Addendum, by and between Montgomery Field Two, a partnership, as lessee, and the City as lessor (the "Montgomery Field Two Ground Lease"). The Montgomery Field One Ground Lease and the Montgomery Field Two Ground Lease are referred to herein collectively as the "Ground Leases."

C. The Land is improved with office buildings and other improvements (collectively, the "Buildings"). Seller's right, title and interest in and to the Ground Leases, Leases, Buildings, Personal Property, Appurtenances, Intangible Property, Licenses and Permits and Service Contracts (all as defined above or in Article 1 below) are collectively referred to herein as the "Property."

D. Buyer desires to buy the Property from Seller and Seller desires to sell the Property to Buyer on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the above Recitals and the mutual agreements set forth herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as set forth below.

ARTICLE 1 DEFINED TERMS

Except where the context otherwise requires, the following terms shall have the meanings set forth below.

1.1 Affiliate. The term "Affiliate" as used with respect to an identified party shall include its agents, employees, officers, directors, shareholders, subsidiaries, parent corporations, sister corporations, corporate successors and partners.

1.2 Agreement. The term "Agreement" shall mean and refer to this Purchase Agreement and Escrow Instructions between Seller and Buyer.

1.3 Appurtenances. The term "Appurtenances" means all transferable rights, privileges and easements appurtenant or relating to the Land or the use thereof, including, without limitation, development rights, air rights, water, water rights and water stock relating to the Land, rights of way, sidewalks, and all other transferable appurtenances or rights used in connection with the beneficial use and enjoyment of the Land, which Seller may own.

1.4 Business Day. The term "Business Day" shall mean and refer to any day other than a Saturday or Sunday or legal holiday in the State of California.

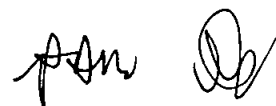
1.5 Buyer. The term "Buyer" shall mean and refer to Levin Menzies Kelly and Associates, a California limited liability company, or its successors and assigns under Section 12.1.

1.6 Buyer's Deposit. The term "Buyer's Deposit" shall refer collectively to Buyer's First Deposit and Buyer's Second Deposit.

1.7 Buyer's First Deposit. The term "Buyer's First Deposit" shall refer to the first deposit to be paid by Buyer in accordance with Section 2.3.1 of this Agreement.

1.8 Buyer's Second Deposit. The term "Buyer's Second Deposit" shall refer to the second deposit to be paid by Buyer in accordance with Section 2.3.2 of this Agreement.

1.9 Cash. The term "cash" shall mean (i) currency of the United States of America, (ii) cashier's check(s) currently dated and payable to Escrow Agent or Seller, as required under this Agreement, drawn and paid through a California banking or savings and loan institution, tendered to Escrow Agent or Seller, as required under this Agreement at or before funds are required to be delivered under this Agreement or (iii) an amount credited by wire transfer into Escrow Agent's or Sellers' bank account, as required under this Agreement.



1.10 Close of Escrow. The term "Close of Escrow" shall refer to the date of recording of Seller's Grant Deed in the Office of the County Recorder of San Diego County.

1.11 Closing Date. The term "Closing Date" shall mean and refer to the date on which the closing of the Property will be held as more particularly set forth in Section 3.4 of this Agreement.

1.12 Effective Date. The term "Effective Date" shall mean and refer to the date set forth at the beginning of this Agreement, which shall be the date that the Agreement has been signed by both Seller and Buyer.

1.13 Escrow. The term "Escrow" shall mean the escrow opened by Escrow Agent pursuant to the terms of this Agreement.

1.14 Escrow Agent. The term "Escrow Agent" shall mean and refer to Chicago Title Company, 925 B Street, San Diego, California, 92101, Attn: Shelva Molm, or such other escrow company selected by Seller and Buyer.

1.15 Due Diligence Period. The term "Due Diligence Period" shall mean the period commencing on April 9, 1999 and ending on the Effective Date, during which time Buyer may conduct its studies and investigations regarding the feasibility of Buyer's acquisition and operation of the Property, as described in Article 4 of this Agreement.

1.16 Governmental Action. The term "Governmental Action" shall mean (i) any final order of a court of competent jurisdiction, and/or (ii) any enactment, by the initiative or referendum process or otherwise, of any Governmental Agencies (as hereinafter defined) affecting the Property, either directly or indirectly, including, but not limited to, any limitation on the number of building, grading or other permits that can be issued, declaration of policy, resolution, ordinance, statute, regulation, or any other enactment of any Governmental Agency (as hereinafter defined) and irrespective of whether the orders or enactments listed immediately above contain the words "moratorium", "moratoria" or similar words.

1.17 Governmental Agencies. The term "Governmental Agencies" shall mean any local, county, state and/or federal governmental or quasi-governmental agencies, authorities or regulatory bodies and any public or private utility companies having jurisdiction over the Property or undertaking activities thereon.

1.18 Hazardous Materials. The term "Hazardous Materials" shall refer to the Hazardous Materials defined in Section 7.3.1 of this Agreement.

1.19 Intangible Property. The term "Intangible Property" means all transferable right, title and interest of Seller in any general intangibles now or through the Closing Date owned or held by Seller and relating solely to the Property, including, without limitation, all transferable

rebates, indemnity and other rights of action against any person, prepaid items, deposits, refunds, warranties or guarantees received by Seller from any contractors, subcontractors, suppliers or materialmen in connection with any construction, repairs or alteration of the Improvements; all warranties on equipment and other goods constituting fixtures in the Improvements or Personal Property; and all licenses, franchises, permits, tenant lists, advertising materials and other similar rights relating to the use and operation of the Property, but excluding utility deposits made by Seller and any rights, title or interests of Seller in any general intangibles relating to property other than the Property or Seller's continuing business operations.

1.20 Leases. The term "Leases" shall mean the Existing Leases (as defined in Section 4.1.2) and the New Leases (as defined in Section 6.5).

1.21 Licenses and Permits. The term "Licenses and Permits" means (i) all transferable licenses, permits, certificates of occupancy, approvals, dedications, subdivision maps and entitlements issued, approved or granted by Authorities or otherwise in connection with the Property; (ii) any and all transferable development rights and other intangible rights, titles, interest, privileges and appurtenances owned by Seller and in any way related to or used in connection with the Property; and (iii) all transferable licenses, consents, easements, rights of way and approvals required from private parties to make use of utilities and to insure vehicular and pedestrian ingress and egress to the Property, which Seller may own.

1.22 Notice of Approval of Due Diligence. The term "Notice of Approval of Due Diligence" shall have the meaning set forth in Section 4.2 of this Agreement.

1.23 Opening of Escrow. The term "Opening of Escrow" shall mean the date Escrow Agent executes the Consent of Escrow Agent attached hereto, which consent shall be executed by Escrow Agent no later than two (2) Business Days after delivery of this Agreement to Escrow Agent.

1.24 Operating Information. The term "Operating Information" means, to the extent actually delivered or made available to Buyer for review, (i) all utilities bills relating to the Property for the prior twelve (12) calendar months; (ii) a year-to-date general ledger; (iii) an accounts receivable aging report; (iv) monthly management reports for the Property for the past twelve (12) months, if available; (v) all maintenance work orders that may exist in Seller's files for the 12 months preceding the Effective Date; and (vi) whatever records Seller may have concerning any capital improvements performed on the Property within the 24 months preceding the Effective Date.

1.25 Operating Statements. The term "Operating Statements" means all income and expense statements, year-end financial and monthly operating statements and proposed budgets respecting solely the Property (exclusive of any such statements relating to Seller, other property of Seller or Seller's continuing business operations) and, to the extent available, the current fiscal year.

Two handwritten signatures in black ink, one appearing to be 'ASR' and the other a more stylized signature, located in the bottom right corner of the page.

1.26 **Permitted Exceptions.** The term "Permitted Exceptions" shall mean and refer to all of those exceptions and conditions to title to the Real Property which Buyer has approved pursuant to Section 5.1.1 hereof, as well as any encumbrances or conditions created by or as a result of the acts of Buyer.

1.27 **Personal Property.** The term "Personal Property" shall mean all equipment, fixtures, and all other personal property described in Exhibit A-1 attached hereto and incorporated herein and the Records and Plans.

1.28 **Proceedings.** The term "Proceedings" means any litigation, investigation, condemnation, or proceeding of any kind pending or threatened affecting any of the Property or the ability of Seller to consummate the transaction contemplated by the Agreement.

1.29 **Property Agreements.** The term "Property Agreements" shall have the meaning set forth in Section 6.6 of this Agreement.

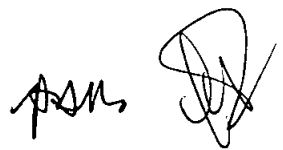
1.30 **Prime.** The term "Prime" shall mean the floating commercial loan rate of Bank of America NT&SA announced from time to time as its "Prime Rate," or "Reference Rate". The "Prime Rate" or "Reference Rate" is determined from time to time by Bank of America as a means of pricing some loans to its customers and is neither tied to any external rate of interest or index nor does it necessarily reflect the lowest rate of interest actually charged by Bank of America to any particular class or category of customers of Bank of America. In the event Bank of America ceases to announce a "Prime Rate" or a "Reference Rate", the "Prime" or other similar reference rate or interest of a similar lending institution shall be substituted therefore.

1.31 **Property Documents.** The term "Property Documents" shall mean the documents delivered or made available to Buyer in connection with Buyer's feasibility studies pursuant to the provisions of Section 4.1.1 of this Agreement.

1.32 **Purchase Price.** The term "Purchase Price" shall refer to the Purchase Price to be paid by Buyer to Seller for the purchase of the Property, as provided in Section 2.2 of this Agreement.

1.33 **Real Property.** The term "Real Property" shall mean the Ground Leases, the Buildings and the Appurtenances.

1.34 **Records and Plans.** The term "Records and Plans" means (i) all financial and other books and records maintained in connection with the operation of solely the Property (excluding the Operating Statements and all books and records relating to Seller, other property of Seller or Seller's continuing business operations), (ii) all site plans, all preliminary, final and proposed building plans and specifications (including "as-built" drawings) respecting the Improvements, and (iii) all structural reviews, architectural drawings and engineering, soils, seismic, geologic and architectural reports, studies and certificates and other documents pertaining

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to the Property which are within the possession of, under the control of, or reasonably available to Seller.

1.35 Rent Roll. The term "Rent Roll" means a rent schedule of the tenants of the Property containing the following information or a rent roll in the form delivered by Seller to Buyer prior to the Effective Date, together with a default/aging report showing tenant arrearages and a schedule of security deposits: (i) full name of tenant as shown in the Lease; (ii) suite number of the space leased to the tenant; (iii) current base rental; (iv) scheduled additional rent under the Lease (operating expenses, etc.), if any; (v) dates through which base and scheduled additional rental have been paid (including all rental collected in advance); and (vi) security deposits.

1.36 Seller. The term "Seller" shall mean and refer to San Diego Hospital Association, a California non-profit public benefit corporation.

1.37 Seller Lease. The term "Seller Lease" shall have the meaning set forth in Section 3.2.2 of this Agreement.

1.38 Seller's Knowledge. The term "Seller's Knowledge" shall refer to the actual knowledge, without the duty or obligation to investigate or inquire as to any matter, of the following and of no other individuals: James Terry, Vice President; Carlisle C. Lewis, III, Senior Vice President & General Counsel; and Lillian B. Stafford, who Seller represents are officers and/or employees of Seller (including any other company affiliated with Seller) most knowledgeable with respect to the matters represented to Buyer.

1.39 Service Contract. The term "Service Contract" means the interest of Seller under the contracts listed on Exhibit A-2, to the extent such contracts are transferable.

1.40 Tenant Information. The term "Tenant Information" means to the extent in Seller's possession or control, and without any obligation to request such information from tenants or to prepare any reports not previously generated by Seller or its property manager: copies of financial statements of all tenants under Leases covering the two years prior to this Agreement; information relative to tenant payment history; operating expenses, real estate taxes and insurance reconciliations by tenant; tenants' allocation of operating expenses, real estate taxes and insurance reimbursements for the prior two (2) years; and a gross sales report for the last 3 years (and current year if available) for each tenant paying percentage rent and all tenant correspondence.

1.41 Title Company. The term "Title Company" shall mean and refer to Chicago Title Company, 925 B Street, San Diego, California, 92101, Attn: Michael Brady, Title Officer, or such other title company selected by Seller and Buyer.

1.42 Title Policy. The term "Title Policy" shall mean and refer to the California Land Title Association leasehold policy of title insurance to be issued by the Title Company upon the Close of Escrow pursuant to the terms of this Agreement. The Title Policy shall include a

Subdivision Map Act endorsement and an endorsement showing that the properties ground leased are contiguous to one another with no intervening property.

ARTICLE 2 AGREEMENT OF PURCHASE AND SALE

2.1 Agreement for Purchase and Sale. In consideration of the payment by Buyer of the Purchase Price to Seller, Seller agrees to sell the Property to Buyer and Buyer agrees to purchase the Property from Seller on the terms and conditions set forth in this Agreement.

2.2 Purchase Price. The purchase price ("Purchase Price") for the Property shall be an amount equal to Four Million One Hundred Five Thousand Dollars (\$4,105,000.00).

2.3 Payment of Purchase Price. The Purchase Price shall be paid in accordance with the provisions set forth below.

2.3.1 Buyer's Deposit. Buyer's Deposit shall consist of Buyer's First Deposit and Buyer's Second Deposit. Buyer's Deposit, together with any interest accrued thereon, shall be applied to the Purchase Price at the Close of Escrow, but all or a portion thereof shall be retained by Seller as its liquidated damages as provided in Section 11.1 if Escrow fails to close as a result of a default by Buyer under this Agreement. To the extent that a provision of this Agreement provides for the return of Buyer's Deposit to Buyer, interest accrued thereon shall also be returned to Buyer. While any portion of Buyer's Deposit is in Escrow, Escrow Agent shall deposit such funds into an insured interest-bearing account with a financial institution reasonably acceptable to Seller and Buyer. Buyer's Deposit shall be held as a source of funds for payment of any liquidated damages payable in accordance with the provisions of Section 11.1 below.

(a) **Buyer's First Deposit.** Buyer has deposited a check in the amount of One Hundred Thousand Dollars (\$100,000.00) with Chicago Title Company at 590 Ygnacio Valley Road, Walnut Creek, CA 94596. Concurrently with the Opening of Escrow, Escrow Agent shall process such check for collection and transfer the proceeds in cash in the amount of One Hundred Thousand Dollars (\$100,000.00) to the San Diego office of Escrow Agent as Buyer's first deposit ("Buyer's First Deposit").

(b) **Buyer's Second Deposit.** Concurrently with Buyer's delivery of Buyer's Notice of Approval of Due Diligence to Escrow Agent and Seller, Buyer shall deposit into Escrow, in cash, the amount of Fifty Thousand Dollars (\$50,000.00) as Buyer's second deposit ("Buyer's Second Deposit").

2.3.2 Balance of Purchase Price. Prior to the Closing Date, Buyer shall deposit into Escrow an amount equal to the balance of the Purchase Price in cash and an amount sufficient to cover all of Buyer's closing costs.

ARTICLE 3
OPENING OF ESCROW AND BUYER'S
AND SELLER'S DELIVERIES

3.1 Opening of Escrow. Concurrent with the execution and delivery of this Agreement, Buyer and Seller shall open Escrow by depositing with Escrow Agent a fully executed original of this Agreement for use as escrow instructions and Escrow Agent shall execute the consent of Escrow Agent which appears at the end of this Agreement and deliver a fully executed consent to Buyer and Seller. Buyer and Seller agree to execute Escrow Agent's general conditions (the "General Conditions") to the extent that the General Conditions are not inconsistent with the provisions of this Agreement. If there is any inconsistency between the provisions of the General Conditions and this Agreement, the provisions of this Agreement shall control. If Escrow Agent requires additional instructions, the parties agree to make any deletions, substitutions and additions as the parties shall mutually approve and which do not materially alter the terms of this Agreement.

3.2 Seller's Delivery of Documents to Escrow. Seller shall, prior to the Closing Date for the Property, deliver to Escrow Agent each of the documents described below.

3.2.1 Assignment and Assumption of Ground Leases. Seller shall sign, acknowledge and deposit into Escrow an Assignment and Assumption of Ground Leases ("Assignment of Ground Leases"), the form of which is attached hereto and incorporated herein as Exhibit "B," conveying the Real Property to Buyer, subject to those matters described in Section 5.1.2 below. Provided that all terms and conditions of this Agreement have been satisfied, Escrow Agent shall record the Assignment of Ground Leases upon the Close of Escrow for the Property;

3.2.2 Seller Lease. Seller shall sign and deposit into Escrow a lease between Buyer as landlord and Seller as tenant in the form attached hereto as Exhibit "C" ("Seller Lease").

3.2.3 Bill of Sale. Seller shall sign and deposit into Escrow four (4) copies of a bill of sale ("Bill of Sale") conveying all of Seller's interest in the Personal Property in an "as-is" and "where-is" condition without representation or warranty in the form attached hereto as Exhibit "D";

3.2.4 Assignment of Leases. Seller shall sign and deposit into Escrow four (4) copies of an Assignment of Leases ("Assignment of Leases") in the form attached hereto as Exhibit "E" and incorporated herein, assigning to Buyer all of Seller's interest as lessor under all Existing Leases and any New Leases. At the Close of Escrow, Seller will deliver to Buyer a copy of the form of notice to be given to each tenant under the Leases advising them of the change in ownership from Seller to Buyer and the place for payment of rent. Such notice shall be executed by Seller or Seller's property manager for delivery by Seller or Seller's property manager by

United States mail to such tenants following the Close of Escrow. Such notices shall be placed in the United States mail within three (3) Business Days of the Close of Escrow;

3.2.5 List of Leases. Seller shall have deposited into Escrow, for delivery to Buyer upon the Close of Escrow, a list of all Existing Leases and any amendments, modifications or terminations thereof, in effect at the Close of Escrow ("List of Leases"); and

3.2.6 FIRPTA Affidavit. Seller shall sign and deposit into Escrow a FIRPTA Affidavit certifying that Seller is a non-foreign person in the form of the affidavit attached hereto as Exhibit "F" and incorporated herein.

3.3 Buyer's Deliveries to Escrow. Buyer shall, by the dates required under this Agreement, deliver to Escrow Agent each of the following in connection with the Close of Escrow for the Property:

3.3.1 Balance of Purchase Price. Buyer shall deposit the balance of the Purchase Price for the Property, in cash, prior to the Closing Date to permit the Close of Escrow on or before the Closing Date;

3.3.2 Assignment and Assumption of Ground Leases. Buyer shall sign, acknowledge and deposit into Escrow an Assignment of Ground Leases to be used in conjunction with the Assignment of Ground Leases executed and delivered to Escrow by Seller pursuant to Section 3.2.1 above.

3.3.3 Seller Lease. Buyer shall sign and deposit into Escrow the Seller Lease.

3.3.4 Assignment of Leases. Buyer shall sign and deposit into Escrow four (4) copies of the Assignment of Leases;

3.3.5 Preliminary Change of Ownership Statement. Buyer shall have delivered an executed preliminary change of ownership statement required under the California Revenue and Taxation Code; and

3.3.6 Prorations, Fees and Costs. The amount, if any, required of Buyer under Article 9 entitled "Prorations, Fees and Costs" and any other amounts payable upon the Close of Escrow for the Property under any other provisions of this Agreement.

3.4 Closing Date. Escrow for the Property shall close on or before the later to occur of (a) the date that is thirty (30) business days after the expiration of the Due Diligence Period, or (b) the date which is five (5) business days after the City of San Diego issues a written consent to Seller's assignment of the Ground Leases to Buyer or its designee, but in no event later than August 31, 1999; subject to extension to September 30, 1999 in accordance with Section 5.1.3(a)

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below, and further subject to extension to December 31, 1999 in accordance with Section 5.1.3(b) below (the "Closing Date"). In the event the Close of Escrow has not occurred by the Closing Date through no fault of Seller or Buyer, then this Agreement shall terminate and each party shall be released from their obligations under this Agreement (except any indemnity or other obligations of Buyer under this Agreement which are to survive the termination of this Agreement) and Buyer shall be entitled to a refund of Buyer's Deposit.

ARTICLE 4 DUE DILIGENCE PERIOD

4.1 Due Diligence Period. During the Due Diligence Period, Buyer shall analyze the feasibility of Buyer's ownership of the Property, all economic and financial matters relating to or affecting this transaction, including whether the value of the Property supports the Purchase Price, and any other matter which Buyer may elect to investigate or evaluate in Buyer's sole and absolute discretion. Buyer shall also review and consider, as Buyer deems necessary, the impact on the Property of any and all applicable governmental ordinances, rules and regulations, if any, and evaluate the effect of any pending or threatened Governmental Actions pertaining to the Property. Buyer shall, subject to the requirements set forth in Section 6.3, conduct all such other independent investigations, studies and tests as it deems necessary or appropriate concerning Buyer's proposed use, sale, development and/or the suitability of the Property for Buyer's intended purposes, the costs of ownership and/or use of the Property and the requirements of any Governmental Agencies regarding the Property. If Buyer gives or is deemed to give its Notice of Approval of Due Diligence (as defined in Section 4.2 below), then Buyer will be deemed to have acknowledged that Buyer has had the opportunity to satisfy itself as to all aspects of the Property, including, without limitation, all improvements located thereon, the Buildings, the availability of utilities to the Property, the suitability of the Property for Buyer's intended use, zoning and the availability of permits and other governmental approvals. Buyer shall be solely responsible for any and all costs incurred by Buyer in connection with its review and/or investigations of the matters set forth in this Article 4.

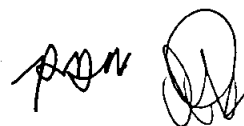
4.1.1 Property Documents. Upon or prior to the execution of this Agreement, Seller shall provide Buyer with copies of the documents listed in Exhibit "G" attached hereto, all Leases, a survey (if in Seller's possession or control or in the possession or control of Seller's property manager), a Rent Roll, all Records and Plans, Licenses and Permits, Service Contracts, Operating Statement, Operating Information, current real property tax statements, Tenant Information and Proceedings (collectively, the "Property Documents"). Notwithstanding the foregoing, Seller shall not be required to deliver to Buyer any documents or records relating to Seller, other property of Seller, or Seller's continuing business operations ("Excluded Records"). The originals of all such documents, to the extent that these documents are in Seller's possession, shall be delivered by Seller to Buyer on the Closing Date. During the Due Diligence Period, Buyer shall review and analyze the Property Documents to determine their individual and collective impact on the Property and its ownership and use by Buyer. Buyer, during its Due Diligence Period, shall conduct its own investigations regarding the Property Documents. The

parties acknowledge and agree that all of the Property Documents set forth above (other than those prepared by Seller or Seller's property manager for delivery to Buyer in accordance with the terms of this Agreement) have been delivered by Seller, or Seller's property manager, to Buyer for informational purposes only, and without warranty as to accuracy or completeness. Seller shall have the right to retain copies of all documents delivered in its records as it deems necessary.

4.1.2 Review of Existing Leases. Subject to Buyer's rights under Section 4.1.3 below, Buyer shall have approved all currently effective leases relating to the Property ("Existing Leases") during the Feasibility Review Period. Subject to Buyer's rights under Section 4.1.3 below, unless Buyer notifies Seller during the Due Diligence Period in writing that it disapproves the Existing Leases, Buyer will be deemed to have approved the Existing Leases.

4.1.3 Estoppel Certificates; SNDA Agreements. Buyer shall collect tenant estoppel certificates and subordination, non-disturbance and attornment agreements as follows:

(i) **Tenant Estoppel Certificates.** Within five (5) business of the Effective Date, Buyer shall prepare and deliver to Seller completed forms of estoppel certificates for each tenant of the Property substantially in the form attached hereto and incorporated herein as Exhibit "H" and substantially in the form delivered to Seller. Seller shall immediately forward each certificate to the tenant named therein together with a request that the tenant promptly review the certificate, correct any inaccuracies and execute and return the certificate to the Seller. The period commencing on the Effective Date and ending thirty (30) days thereafter shall be defined as the Estoppel Collection Period. Seller shall use its reasonable efforts to obtain the execution and return of the estoppel certificates from all tenants prior to the end of the Estoppel Collection Period, but in no event shall the failure of Seller to obtain any estoppel certificate constitute a breach of this Agreement by Seller. On or before the end of the Estoppel Collection Period, Seller shall deliver to Buyer copies of all estoppel certificates obtained by Seller. All estoppel certificates obtained by Seller prior to the expiration of the Estoppel Collection Period are subject to approval by the Buyer as to execution and any modification of its form or content within three (3) business days of the receipt by Buyer of the certificate. In the event Buyer fails to approve or disapprove any certificate within said three (3) business days period it shall be deemed Buyer has approved such certificate or Seller's Affidavit. The failure of Buyer to obtain on or before Closing duly executed and delivered estoppel certificates from all tenants shall not permit Buyer to cancel this Agreement, but the delivery of estoppel certificates from the major tenants listed on Schedule 4.1.3 attached hereto and incorporated herein together with estoppel certificates from other tenants who together with the major tenants comprise not less than ninety percent (90%) (by number, excluding Seller as a tenant) of tenants (other than Seller) who collectively lease not less than ninety percent (90%) of the rented area (excluding the rented area under any leases to Seller as a tenant) in the Buildings prior to the end of the Estoppel Collection Period shall be a condition precedent to Buyer's obligation to close. In the event such condition is not satisfied or is not waived by Buyer on or before the last day of the Estoppel Collection Period, Buyer may cancel this Agreement and obtain a return of all documents and the Buyer's Deposit.

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(ii) **SNDA.** Within fifteen (15) business days of the Effective Date, Buyer shall prepare and deliver to Seller completed forms of subordination, non-disturbance and attornment agreements for each tenant of the Property substantially in the form attached hereto and incorporated herein as Exhibit "I". Within five (5) business days of the receipt from Buyer of a completed form of subordination, non-disturbance and attornment agreement from Buyer and/or Buyer's lender, Seller shall request on behalf of Buyer the execution and delivery of such subordination, non-disturbance and attornment agreements from all tenants at the Property substantially in the form attached hereto and incorporated herein as Exhibit "I", but in no event shall the failure of Seller to obtain any subordination, non-disturbance and attornment agreement constitute a breach of this Agreement by Seller. The failure of Buyer to obtain on or before Closing duly executed and delivered subordination, non-disturbance and attornment agreements from all tenants shall not permit Buyer to cancel this Agreement, but the delivery of subordination, non-disturbance and attornment agreements from the major tenants listed on Schedule 4.1.3 attached hereto and incorporated herein together with subordination, non-disturbance and attornment agreements from other tenants who together with the major tenants comprise not less than seventy-five percent (75%) (by number, excluding Seller as a tenant) of tenants (other than Seller) who collectively lease not less than eighty percent (80%) of the rented area (excluding the rented area under any leases to Seller as a tenant) in the Buildings prior to the end of the Estoppel Collection Period shall be a condition precedent to Buyer's obligation to close. In the event such condition is not satisfied or is not waived by Buyer on or before the last day of the Estoppel Collection Period, Buyer may cancel this Agreement and obtain a return of all documents and the Buyer's Deposit. Seller shall provide at the Close of Escrow a completed subordination, non-disturbance and attornment agreement for any space in the Buildings leased by it under the Seller Lease.

(iii) **Refreshing Tenant Estoppel Certificates and SNDAs.** In the event escrow does not close by July 31, 1999, Buyer shall have the option to prepare new estoppels and SNDAs at Buyer's sole cost and expense and deliver them to Seller for subsequent delivery to the tenants. Seller agrees to cooperate (so long as the same is at no out of pocket cost to Seller) with Buyer in its efforts to obtain the re-execution of the new certificates and SNDAs, but the receipt of the same shall not be a contingency to or requirement of the Close of Escrow.

4.2 Approval or Disapproval of Due Diligence Period. If Buyer approves of its investigations during its Due Diligence Period (which approval may be withheld in Buyer's sole and absolute discretion) Buyer shall deliver to Seller and Escrow Agent, prior to 5:00 p.m. (Pacific Standard Time) of the last day of the Due Diligence Period, written notice to Escrow Agent and Seller of approval of its investigations and studies set forth in Section 4.1 ("Notice of Approval of Due Diligence"). The failure of Buyer to deliver the Notice of Approval of Due Diligence prior to the expiration of the Due Diligence Period shall be deemed to be Buyer's disapproval of its investigations and its election not to purchase the Property. In the event Buyer delivers (or is deemed to deliver) notice of disapproval to Seller and Escrow Agent prior to the expiration of the Due Diligence Period, this Agreement shall terminate and each party shall be released from their obligations under this Agreement (except any obligations of Buyer under

Sections 6.2, 6.6 and 6.8 of this Agreement which shall survive the termination of this Agreement) and Buyer shall be entitled to a refund of Buyer's Deposit. Buyer shall not be entitled to any other reimbursements or compensation from Seller. In the event Buyer elects during the Due Diligence Period not to purchase the Property by delivering (or by being deemed to have delivered) a notice of disapproval to Seller, Escrow Agent but shall be obligated without further instruction, written or verbal, from Seller or Buyer to return the Deposit to Buyer, Seller hereby irrevocably instructing Escrow Agent to comply with any demand from Buyer for the return of the Deposit to Buyer following the receipt by Escrow Holder during the Due Diligence Period of any notice of disapproval of Due Diligence from Buyer and of such demand from Buyer for return of the Deposit to Buyer. In the event Buyer elects to obtain an ALTA Extended Title Policy as described in Section 5.1.2 below, Buyer shall order, obtain and review during the Due Diligence Period an ALTA survey prepared by a licensed engineer acceptable to Title Company. Buyer shall deliver a copy of any survey to the Title Company and Seller. The ALTA survey shall be an additional due diligence item subject to Buyer's review and approval or disapproval prior to the expiration of the Due Diligence Period.

ARTICLE 5 CONDITIONS PRECEDENT TO CLOSE OF ESCROW

5.1 Conditions Precedent. This Agreement and the obligations of the parties hereunder shall be subject to satisfaction or waiver (by the party in whose favor the condition precedent has been established as set forth in Section 5.2 below) of all the conditions precedent set forth below.

5.1.1 Review and Approval of Preliminary Report. Attached hereto as Exhibit J and incorporated herein is a copy of a Preliminary Title Report with respect to the Real Property and the Land issued by the Title Company and complete, legible copies of the recorded exceptions. Within five (5) days after the Effective Date, Seller shall cause the Title Company to deliver to Buyer a plat of the recorded easements appearing in the Preliminary Report (collectively, the "Preliminary Report"). Buyer shall have seven (7) business days after receipt of the plat, in its reasonable discretion, to deliver notice of approval or disapproval of the Preliminary Report to Seller and Escrow Agent, specifying the items disapproved. The failure of Buyer to deliver notice of approval or disapproval shall constitute its approval thereof. In the event Buyer delivers notice of disapproval, if any disapproved item is a lien or encumbrance that is liquidated in amount and is a voluntarily or consensual lien or encumbrance created by, under or through Seller, Seller shall cure and remove such item prior to the Close of Escrow. With respect to all other items disapproved by Buyer, Seller shall have five (5) business days after receipt of Buyer's notice to deliver notice of its election to either (i) remove, (ii) cure, (iii) provided Buyer consents thereto (which consent shall not be unreasonably withheld), insure around the disapproved exceptions upon the Close of Escrow, or (iv) not to cure such items. If Seller elects not to cure any disapproved item, Buyer shall have five (5) business days to waive its prior disapproval or terminate this Agreement, in which case, Buyer shall be entitled to a refund of Buyer's Deposit. Failure of Buyer to deliver a notice to terminate the Agreement shall

be deemed Buyer's election to waive its prior disapproval. If there are any changes to the Preliminary Report, the Title Company shall deliver to Buyer a Supplemental Preliminary Report ("Supplemental Report"). Buyer shall have the right, in its reasonable discretion, to review and approve any new items appearing in the Supplemental Report which did not appear in the Preliminary Report. Buyer may not withhold its consent to items appearing in Supplemental Reports generated after the Due Diligence Period which are not monetary liens and which do not adversely affect the value or Buyer's intended use of the Property. Within five (5) days after the delivery of a Supplemental Report setting forth the new matters which have appeared of record, Buyer shall deliver notice of approval or disapproval thereof to Seller and Escrow Agent. The failure of Buyer to deliver notice of disapproval or approval shall be deemed to be Buyer's approval thereof. If Buyer delivers notice of disapproval of either the Preliminary Report or the Supplemental Report and Seller elects not to cure, remove or insure around the disapproved item, then Buyer shall have three (3) Business Days after the delivery of Seller's notice of election not to cure the disapproved item to either waive its prior disapproval or terminate this Agreement, in which case Escrow Agent shall refund Buyer's Deposit to Buyer and the parties shall pay the Escrow cancellation charges and Seller shall be released from its obligation of selling the Property to Buyer. The failure of Buyer to deliver notice to waive its prior disapproval shall be deemed to be Buyer's election to waive its disapproval.

5.1.2 Title Insurance. Title Company shall be unconditionally committed to issue to Buyer the Title Policy with a liability limit in the amount of the Purchase Price (or such higher amount as may be required by the title Company) and insuring title vested in Buyer. Buyer shall take title to the Property subject to: (a) all taxes, assessments and bonds which are a lien not yet due and payable, if any; (b) all covenants, conditions, restrictions, easements, reservations, rights, rights of way, encumbrances and other items shown on the Preliminary Report and any Supplemental Report, and approved by Buyer pursuant to Section 5.1.1; and (c) title exceptions caused by the acts and omissions of Buyer. The issuance of the Title Policy is a condition to the Close of Escrow but is not a covenant of Seller. All costs and expense for the Title Policy shall be paid by Seller; provided however, if Buyer requests an ALTA owner's additional coverage policy ("ALTA Extended Title Policy"), Buyer will be solely responsible for any difference in title premium and to timely supply to the Title Company, at Buyer's sole cost and expense, the ALTA survey required by the Title Company as a condition to the issuance of the ALTA Extended Title Policy and satisfy any other conditions arising from the issuance of the ALTA Extended Title Policy. The failure of Buyer to timely supply the ALTA survey or fulfill such additional requirements shall not delay the Close of Escrow. Except as otherwise specified in Section 5.1.1 above with respect to Supplemental Reports, in no event shall Buyer have the right to terminate this Agreement after the expiration of the applicable Due Diligence Period as a result of any items appearing in any ALTA report, survey or inspection.

5.1.3 Consent of City. Within five (5) days after the execution of this Agreement, Buyer shall commence whatever actions Buyer may reasonably determine are required to obtain the consent of the City to the transfer of the lessee's interest under the Ground Leases to Buyer substantially in the form of Exhibit K-1 attached hereto and incorporated herein together

with an estoppel certificate substantially in the form of Exhibit K-2 attached hereto and incorporated herein. Buyer shall not be obligated to incur any costs or liability in connection with the obtaining of such consent or estoppel certificate except as Buyer determines in its sole discretion to incur. Seller shall reasonably cooperate with Buyer in seeking to obtain the consent of the City and the estoppel certificate, but Seller shall not be obligated to incur any costs or liability in connection with the obtaining of such consent or estoppel certificate unless Buyer agrees to reimburse and indemnify Seller for the same. Buyer agrees to discuss with Seller the City's requirements regarding any applications, financial statements, reports, assumption agreements or other agreements or information of any nature requested by the City in connection with the granting of its consent to the transfer or the estoppel certificate and to diligently provide such information to the City if Buyer determines such information to be reasonably appropriate. If Buyer fails to obtain the City's consent and/or the City's estoppel, Buyer shall have the right to terminate this Agreement and the Buyer's Deposit shall be refunded to Buyer. The failure of Buyer to obtain any amendment to the Ground Leases shall not delay the Close of Escrow. In no event shall Buyer have the right to terminate this Agreement after the expiration of the applicable Due Diligence Period as a result the failure to obtain the approval of the City to any amendment to the Ground Leases. This Agreement shall automatically terminate if the consent of the City or the estoppel certificate (unless the estoppel is waived by Buyer) has not been obtained by on or before August 31, 1999 (the "City Consent Date"); provided, however, that in the event Buyer has timely commenced its actions required to obtain the consent of the City and thereafter diligently pursued the obtaining of such consent, but has not obtained such consent despite such efforts, then Buyer shall have the following options to extend:

(a) **Buyer's First Extension of City Consent Date.** Buyer shall have the option to extend the City Consent Date for thirty (30) days to September 30, 1999 upon written notice given to Seller prior to August 31, 1999; and

(b) **Buyer's Second Extension of City Consent Date.** Provided Buyer has exercised the Buyer's First Extension of City Consent Date under Section 5.1.3(a) above and has diligently pursued the obtaining of such consent, but has not obtained such consent despite such efforts, Buyer shall have the option to further extend the City Consent Date through 5:00 p.m. on December 31, 1999 upon delivery to Seller of written notice prior to September 30, 1999 and deposit into Escrow of an additional deposit of Twenty-Five Thousand Dollars (\$25,000.00), which deposit shall be credited to the Purchase Price at the Close of Escrow. However, in the event this option is exercised by Buyer and Escrow does not close due to the failure to obtain the City's consent by December 31, 1999, then said Twenty-Five Thousand Dollar deposit shall be immediately due and payable to Seller as compensation for this extension option and Escrow Agent shall disburse said sum to Seller upon demand by Seller without further approval of Buyer.

5.1.4 Deposit of Documents and Funds. Buyer and Seller shall have delivered the documents and funds required for the Close of Escrow under the terms of this Agreement.

5.1.5 Buyer's Obligations. Buyer shall have timely performed all of Buyer's obligations under this Agreement and there shall be no breach of any representation or warranty of Buyer under this Agreement.

5.1.6 Seller's Obligations. Seller shall have timely performed all of Seller's obligations under this Agreement and there shall be no breach of any representation or warranty of Seller under this Agreement.

5.1.7 Board Approval. Seller's Board of Directors has approved a sale of the Property at the Purchase Price set forth herein. Nonetheless, it remains a condition precedent to this transaction that the Seller shall have obtained the approval of its Board of Directors of this Agreement and all of the transactions contemplated herein by on or before July 28, 1999.

5.1.8 No Material Change in Condition. There shall have been no material changes in the condition of the Property after the end of the Due Diligence Period and no material changes to the subordination, non-disturbance and attornment agreements approved by Buyer pursuant to Section 4.1.3(ii) or the Leases or the information stated in the estoppel certificates approved by Buyer pursuant to Section 4.1.3(i) after the end of the Estoppel Collection Period.

5.2 Failure of Conditions Precedent. The conditions precedent set forth above in Sections 5.1.1, 5.1.2 and 5.1.6 are for Buyer's benefit and can only be waived in writing by Buyer. The conditions precedent set forth above in Section 5.1.5 and 5.1.7 are for Seller's benefit and can only be waived in writing by Seller. The conditions precedent set forth in Sections 5.1.3 and 5.1.4 are for Seller's and Buyer's benefit and can only be waived by mutual written agreement of Seller and Buyer. In the event any of the foregoing conditions precedent are neither satisfied nor waived by the Closing Date, this Agreement shall terminate and all deposits made by Buyer shall be returned to Buyer, but the parties shall retain their rights and remedies as otherwise provided herein.

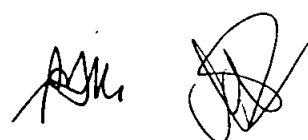
ARTICLE 6 COVENANTS AND AGREEMENTS

6.1 No Concern. Escrow Agent shall have no concern with, and liability or responsibility for, this Article.

6.2 Section Omitted.

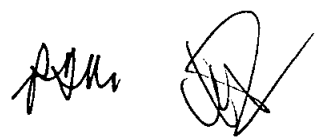
6.3 Entry Onto Property. Buyer shall have the right to enter the Property on the terms and conditions contained in this Section 6.3.

6.3.1 Right to Enter. Buyer and Buyer's employees, contractors, and agents ("Buyer's Agents") shall have the right to enter, subject to the rights of tenants, onto the



Property at reasonable times and accompanied at all times by a representative of Seller for the purpose of inspecting the Property. Buyer's inspection shall include the right of Buyer and its agents or consultants to contact tenants of the Property and the City (so long as Seller or its agent is provided with at least twenty-four hours prior notice and a reasonable opportunity to accompany Buyer or its agent). Buyer shall (a) perform all work permitted under this Agreement in a safe and professional manner; (b) not allow any dangerous or hazardous condition created by Buyer or Buyer's Agents to continue beyond the completion of said studies and inspections; (c) comply with all applicable laws and governmental regulations and any conditions of entry deemed reasonably necessary by Seller; and (d) obtain all permits required to be obtained by any Governmental Agencies and pay any fees, costs, charges and expenses in connection with the issuance of such permits. Any investigation which physically invades, alters or changes the conditions of the Property (including without limitation any drilling, trenching or other penetration of the soil) shall be subject to Seller's prior written approval (not to be unreasonably withheld or delayed) and any other requirements, such as insurance, made by Seller in connection with any such investigations. If the transaction contemplated by this Agreement does not close, Seller shall have the option to require Buyer, forthwith after termination of this Agreement, at its sole cost and expense, to return the Property to materially the same physical condition as of the Effective Date of this Agreement (except to the extent changes in the physical condition are allocable to Seller's activities or omissions, unless otherwise provided herein or to acts of God or nature). In the event that Buyer fails to repair any damage it has caused to the Property to the satisfaction of Seller and such failure continues for thirty (30) days after written notice thereof from Seller, then Seller may perform such repair on behalf of Buyer without any liability to Buyer for any loss or damage by reason therefor, and upon completion, Buyer shall pay Seller's reasonable costs for making such repairs. Any amounts due hereunder shall include interest from the date of completion of Seller's maintenance work at the rate of Prime plus two percent (2%), but in no event shall the interest rate exceed the maximum rate allowed by law.

(i) **Buyer's Indemnity for Entry.** Buyer shall indemnify, protect, defend (with legal counsel reasonably acceptable to Seller) and hold Seller and Seller's past, present and future employees, general partners, officers, directors, attorneys, agents and representatives and its and their respective successors and assigns (collectively, the "Seller's Releasees") harmless from any and all claims, actions, costs, expenses, damages and liabilities relating to Buyer's Agents' entry onto the Property (including, but not limited to, claims of mechanics liens and attorneys' fees) and from and against all costs, attorney's fees, expenses and liabilities incurred in connection with such claims or any actions or proceedings brought thereon; provided, however, that Buyer shall not be responsible to the extent that the fraud, negligence, or acts (including any failure to act) of Seller or Seller's Releasees are the cause of such claims, actions, costs, expenses, damages or liabilities or to the extent that Seller has knowledge of any condition or circumstance that is a proximate cause of a claim, action, cost, expense, damage or liability and fails to disclose the condition or circumstance to Buyer. Buyer's covenants in this Section 6.3(i) shall survive the termination of this Agreement and shall be binding on Buyer until such time as an action against Seller is absolutely barred by the applicable statute of limitations.

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6.3.2 Section Omitted.

6.3.3 Insurance. Buyer shall maintain, with insurance companies acceptable to Seller, the following insurance: Worker's Compensation Insurance as required by law and Employer's Liability Insurance; Commercial General Liability Insurance, with limits of not less than One Million Dollars (\$1,000,000) combined single limit, for bodily injury, death and property damage. Each policy of insurance shall name Seller as an additional insured and shall state that such policy is primary and noncontributing with any insurance carried by Seller. Such policy shall contain a cross-liability endorsement and severability of interest endorsement. A certificate issued by the insurance carrier of each policy of insurance required to be maintained by Buyer under this Agreement shall be delivered to Seller concurrently with the execution of this Agreement. The certificate shall expressly provide that no less than thirty (30) days prior written notice shall be given to Seller in the event of any material alteration to or cancellation of the coverages evidenced by said certificate. A renewal certificate for each of the policies required in this Section shall be delivered to Seller not less than thirty (30) days prior to the expiration date of the term of such policy.

6.4 Assignment of Plans and Reports. If Escrow fails to close on the Property for any reason, then all Property Documents in Buyer's possession shall be delivered to Seller and all surveys, environmental reports, civil and soil engineering reports, site plans, plans and specifications relating to improvements on the Property, whether constructed or not, shall be deemed assigned to Seller without consideration or expense to Seller and shall be delivered to Seller by Buyer within five (5) days thereafter. Buyer agrees to execute, within ten (10) days of Seller's request, such documents as Seller reasonably requires to evidence the foregoing assignment(s).

6.5 New Leases. After the Effective Date and prior to the Closing Date, Buyer shall have the exclusive right to negotiate new leases, amendments of existing leases or subleases ("New Leases") on behalf of Seller, provided Buyer consults with Seller and keeps Seller informed on a regular basis, Buyer delivers to Seller a complete copy of any proposed New Leases and Buyer obtains Seller's prior written consent to any proposed New Leases (which consent shall not unreasonably be withheld). Seller shall deliver written notice to Buyer of its approval or disapproval of any New Leases within five (5) Business Days of Seller's receipt thereof. Seller's failure to provide such notice shall be deemed to be Seller's approval thereof. Upon such approval or deemed approval, Seller agrees, as landlord, to execute promptly the approved New Leases. At Close of Escrow, Buyer will assume all obligations under the New Leases, and Buyer will reimburse Seller for any leasing commissions and tenant improvement costs paid by Seller in accordance with the approved New Leases to third parties. To the extent that the term of any New Lease commences prior to the Close of Escrow, the foregoing payments or costs shall be prorated between the parties as of the Close of Escrow.

6.6 Review of Additional Property Agreements. After the Effective Date and prior to the Closing Date, Seller shall consult with Buyer on the negotiation of any new documents or



agreements related to the Property that will be in effect at the Close of Escrow and are not terminable upon thirty (30) days notice ("Property Agreements") to be entered into by and between Seller or its property manager and service providers as Buyer may request from time to time and deliver to Buyer a complete copy of any new Property Agreements prior to execution for Buyer's approval of the terms and provisions of the Property Agreements, which shall not be withheld unreasonably. After the end of the Due Diligence Period, except as otherwise provided, Seller shall not permit or consent to any new Property Agreements or amendments without Buyer's written approval, which approval may be withheld in Buyer's sole discretion. If Buyer fails to provide notice of any objections to such Property Agreements within five (5) Business Days of written notice thereof from Seller, such Property Agreements shall be deemed approved.

6.7 Post-Closing Adjustments. Except for those items to be prorated at the Close of Escrow pursuant to Article 9 hereof, any amounts under the Leases which have not yet been received by Seller as of the Close of Escrow or amounts under the Leases or the Property Agreements, that cannot be ascertained until after the Close of Escrow, but which relate to the period of time prior to the Close of Escrow, shall be prorated by Seller and Buyer outside of Escrow ("Post-Closing Prorations") and the parties shall cooperate with one another in good faith in order to accomplish the same. Any amounts not paid for such prorations as and when due shall bear interest from the date such payments are required until paid at ten percent (10%) per annum. Buyer and Seller shall calculate such Post-Closing Prorations with respect to all items (other than operating costs that are settled on a calendar year or other annual basis) as soon as they are ascertained but in no event later than ninety (90) days after the Close of Escrow, and shall calculate such Post-Closing Prorations with respect to any operating costs that are settled on a calendar year or other annual basis at the end of the calendar year or other annual basis, as the case may be, provided, however, if any tenant has not paid any required proration within said ninety (90) day period, Buyer and Seller shall calculate their Post-Closing Prorations with respect to those particular Leases within thirty (30) days after the date paid by such tenants. Seller and Buyer further acknowledge and agree that Buyer may be delivered rental payments (including tenants' payments for Common Area Charges (as defined in Section 9.1.3)) from the tenants under the Leases which are attributable to the period of Seller's ownership of the Property. With respect to any tenant that is more than thirty (30) days delinquent in its payment of rent under its Lease, any rental amounts paid to Buyer shall be applied by Buyer first to the most recent account receivable of such tenant under its Lease and then to the next most recent past-due obligations of such tenant, provided such past-due obligation was not more than ninety (90) days delinquent at the Close of Escrow. Buyer shall, within thirty (30) days after receipt from the tenants under the Leases of the amounts set forth in this Section, pay to Seller any amounts which are due and payable to Seller and Seller shall within such same time period pay to Buyer any amounts which may be due Buyer. Buyer agrees to cooperate with Seller in Seller's efforts to collect rental payments which are delinquent as of the Close of Escrow. The Seller may continue to pursue any claims or pending actions as of the Close of Escrow for delinquent payments of rent against former tenants provided such claims or pending actions do not relate to amounts that are more than ninety (90) days delinquent at the Close of Escrow, but may not terminate any lease. Notwithstanding the forgoing limitations, Buyer acknowledges that the Pedros restaurant tenant



is over ninety (90) days delinquent and agrees that Seller may continue to pursue any claims or pending actions (exclusive of any action to terminate such tenant's lease) against Pedros to collect all delinquent rental payments, including those over ninety (90) days delinquent, and agrees to apply and account to Seller for any collections Buyer makes that are applicable to past-due obligations as described above without regard to, or limitation by, the "ninety (90) days delinquent at the Close of Escrow" proviso set forth above. The covenants contained herein shall survive the Close of Escrow.

6.8 Return of Documents; Confidentiality. If Escrow fails to close for any reason, then all Property Documents and any other information delivered by Seller to Buyer shall be returned to Seller within ten (10) days of the termination of this Agreement. Buyer hereby represents and warrants that it will use all commercially reasonable efforts to keep confidential and not disclose to third parties any and all confidential information disclosed by the Property Documents or confidential information which the Buyer learns through discussions with the Seller, or the Seller's agents, or confidential information obtained as a result of Buyer's Investigations, other than to Buyer's agents, contractors, consultants, advisors, lenders, partners or members without the prior written consent of the Seller. Any breach of confidentiality by the Buyer shall entitle the Seller to seek legal and equitable relief by way of damages, injunctions, or such other relief as is permitted by law. This covenant shall survive the Close of Escrow. The foregoing obligations of confidentiality shall not apply with respect to any party's confidential information to the extent that it is within or later falls within the public domain through no fault of the party receiving the confidential information. In the event any party receives a request to disclose any confidential information under the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction or a governmental body, such party shall (i) immediately notify the party that furnished such confidential information of the existence, terms and circumstances surrounding such request, (ii) consult with such party on the advisability of taking legally available steps to resist or narrow such request, and (iii) exercise reasonable best efforts, at the expense of the party producing such confidential information, to obtain an order or other reliable assurance that confidential treatment will be accorded to such portion of the confidential information as may be disclosed.

6.9 Continuance of Performance. Between the Effective Date and the Closing Date Seller shall (a) keep and perform all of its obligations to be performed under the Ground Leases, Leases, Service Contracts or governmental regulations and cure any defaults which may exist in connection therewith; (b) continue to operate and maintain or cause the Tenants to operate and maintain the Property and Personal Property in the same condition and repair in accordance with past practices and not make any material removals, alterations or changes thereto; (c) discharge or cause to be discharged all mechanics' and materialmen's liens arising from any labor or materials furnished prior to the closing Date which pertain to the Property, except liens arising from the actions of Buyer or any of its agents or Affiliates; (d) use reasonable best efforts to obtain all consents and approvals necessary to consummate this transaction and to convey the Property to Buyer as required hereunder; (e) maintain the fire and extended coverage casualty insurance currently in effect with respect to the Property in full force; (h) terminate any Service



Contracts disapproved by Buyer that are terminable by their terms and conditions without any cost or expense to Seller on or before the Closing Date; and (i) not, without first obtaining the written consent of the Buyer, sell transfer, convey or encumber, or cause to be sold, transferred, conveyed or encumbered, the Property or any part thereof or interest therein, or enter into any contract or agreement (unless such contract or agreement shall terminate or be terminable by Seller either prior to Closing or on not more than thirty days notice, in which case Seller shall be responsible for all costs and expense of terminating the contract or agreement and all costs and expenses accruing after the Closing), or where the consent of Seller is required, permit any tenant to enter into any contract or agreement pertaining to the Property.

6.10 Seller's Personal Injury/Property Damage Indemnity of Buyer. Seller shall indemnify, defend and hold Buyer and its Affiliates harmless from and against all personal injury, property damage and contractual obligation (including the Seller's contractual obligations under the leases with tenants on the Property) claims, demands, liabilities, actions, causes of action, losses, damages, costs, fees and expenses, including, without limitation, reasonable attorney's fees and disbursements which arise out of, result from or are related to any acts, occurrences or omissions relating to the Property (including any such personal injuries or property damages caused by the condition of the Property) occurring during the period of Seller's ownership of the Property (except to the extent expressly assumed by Buyer hereunder). The provisions of this Section shall survive the Closing Date indefinitely.

6.11 Buyer's Personal Injury/Property Damage Indemnity of Seller. Buyer shall indemnify, defend and hold Seller and its Sellers Releasees harmless from and against all personal injury, property damage and contractual obligation (including the Seller's contractual obligations under the leases with tenants on the Property) claims, demands, liabilities, actions, causes of action, losses, damages, costs, fees and expenses, including, without limitation, reasonable attorney's fees and disbursements which arise out of, result from or are related to any acts, occurrences or omissions relating to the Property (including any such personal injuries or property damages caused by the condition of the Property) occurring during the period of Buyer's ownership of the Property (except to the extent expressly assumed by Seller hereunder). The provisions of this Section shall survive the Closing Date indefinitely.

ARTICLE 7 REPRESENTATIONS AND WARRANTIES AND HAZARDOUS MATERIALS

7.1 Seller's Representations and Warranties. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Property, Seller makes the following representations and warranties, each of which is material and is being relied upon by Buyer and shall be effective and enforceable as representations and warranties both as of the date hereof and as of the Close of Escrow. If, prior to the Close of Escrow, any of Seller's representations and warranties becomes materially untrue or misleading for a reason beyond Seller's control, Seller shall promptly notify Buyer in writing of same, and Buyer may, prior to Close of Escrow, either elect to terminate this Agreement by reason thereof or, if Buyer does not

so terminate this Agreement and proceeds to the Close of Escrow, Seller's representation and warranty shall be deemed modified as stated in Seller's notice. The representations and warranties of Seller contained in Sections 7.1.3 through 7.1.10 shall survive the Closing for a period of eighteen (18) months, and any action or proceeding with respect to the truth, accuracy or completeness of any such representations or warranties of Seller must be commenced, if at all, prior to the expiration of such eighteen (18) month period. Upon the expiration of such twelve (12) month period, Seller's representations and warranties contained in Sections 7.1.3 through 7.1.10 shall terminate, expire and shall be of no further force and effect.

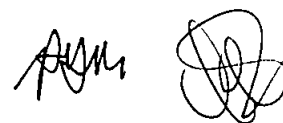
7.1.1 Seller's Authority. Seller warrants and represents that it is a duly organized and validly existing corporation formed under the laws of the State of California. The entry by Seller into the transaction contemplated by this Agreement and the performance by Seller of all of its obligations in connection herewith have been duly and validly authorized by all necessary action(s), are in accordance with applicable law and are not in violation of Seller's articles of incorporation. This Agreement and all additional documents delivered in connection with this Agreement have been duly and validly executed and delivered by Seller and constitute the legal, valid and binding obligations of Seller and no other action is required to consummate the valid and binding execution, delivery and performance of this Agreement by Seller. The officer of Seller executing and delivering this Agreement is duly authorized to execute and deliver this Agreement on behalf of Seller, to execute and deliver the documents specified herein, to bind Seller, and generally to perform Seller's obligations hereunder and thereunder.

7.1.2 Consents. Seller has taken all requisite corporate action and obtained all requisite corporate consents in connection with entering into this Agreement and the instruments and documents referenced herein, and the consummation of the transaction contemplated hereby, and to the best of Seller's Knowledge all third party consents required to complete the transaction have been obtained, except for the consent by the City.

7.1.3 Surviving Contracts. To the best of Seller's Knowledge, there are no written contracts or other agreements or restrictions regarding the operation or maintenance of the Property, except for the Property Agreements and except as specifically described in this Agreement or the Preliminary Report or to the extent such contract constitutes a Lease, which will survive the Close of Escrow.

7.1.4 List of Leases. The copies of the Ground Leases and the Existing Leases provided to Buyer are true, correct and a complete copies of the Ground Leases and all the Existing Leases and all amendments, modifications or terminations thereof.

7.1.5 Property Documents. To the best of Seller's Knowledge, the Property Documents forwarded to Buyer by Seller do not contain any material omissions or misstatements which would result in a material adverse effect on the Property or the operation or use thereof and constitute all the relevant documents and information pertaining to the condition, ownership and operation of the Property. For the period June 1, 1997 through April 30, 1999, Seller has



prepared tenant ledgers for each non-Seller tenant in the Property showing the receipt of the monthly rent checks together with an accounting for any checks returned and marked "Non-Sufficient Funds" ("NSF checks") and any subsequent collections thereto; and for the months of February, March and April 1999 Seller has provided Buyer with photocopies of all non-Seller tenant rent checks received. Seller warrants and represents that the rent checks described in the above ledgers and shown in the above described photocopies were received by Seller and were deposited and cleared in Seller's General Account with the exception of the NSF checks described in the above referenced accounting delivered to Buyer. Seller shall also reimburse Buyer at the Close of Escrow the sum of Five Hundred Dollars (\$500.00) for Buyer's costs and expenses incurred in reviewing Seller's accounting records.

7.1.6 Condemnation. To the best of Seller's Knowledge, there are no threatened or contemplated eminent domain, taking, or condemnation actions affecting all or any portion of the Property.

7.1.7 Leases. To the best of Seller's Knowledge, except as disclosed in estoppel certificates delivered to Buyer or otherwise disclosed pursuant to the terms of this Agreement, the Ground Leases, the Existing Leases and the rents or other amounts payable thereunder have not been assigned, pledged or encumbered by the landlord thereunder and there are no defaults, or events which with notice, the passage of time or both would be a default thereunder by the landlord or tenant thereunder.

7.1.8 Governmental Notices. To the best of Seller's Knowledge, the Property is not in violation of applicable law.

7.1.9 Pending Transactions, Suits or Proceedings. To the best of Seller's Knowledge, except as may be disclosed to Buyer in Exhibit L attached hereto or the Property Documents delivered to Buyer, or otherwise discovered by Buyer prior to the later to occur of the end of the Due Diligence Period or the end of the Estoppel Collection Period, there are no transactions, suits, proceedings (including zoning or other land use regulation proceedings), claims or investigations pending, asserted or threatened against or affecting the Property.

7.1.10 Hazardous Materials. To the best of Seller's Knowledge, except as disclosed in investigative or other reports or documents delivered to or obtained by Buyer or otherwise discovered by Buyer prior the end of the Due Diligence Period, (a) there are no Hazardous Materials on, in or under the Property in violation of Hazardous Materials Laws except as disclosed by the Property Documents, and (b) during its period of ownership of the Property, neither Seller nor any other party discharged or caused to be discharged, stored or caused to be stored Hazardous Materials except in compliance with Hazardous Materials Laws.

7.1.11 Indemnity. Seller agrees to indemnify, protect, defend (with legal counsel acceptable to Buyer) and hold Buyer and Buyer's employees, general partners, directors, officers, members, managers, agents and representatives harmless from and against any and all losses,

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claims, demands, damages, costs and expenses of whatever nature (including, without limitation, attorneys' fees) relating to or arising out of a breach of Seller's representations and warranties set forth in this Section 7.1. Seller covenants that this Section shall survive the termination of this Agreement or the Close of Escrow and shall be binding on Seller until such time as an action against Seller is absolutely barred by the applicable statute of limitations (subject to the limitation on the duration of certain of Seller's representations and warranties set forth in Section 7.1 above).

7.2 Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property, Buyer makes the following representations and warranties, each of which is material and is being relied upon by Seller and shall be effective and enforceable as representations and warranties both as of the date hereof and as of the Close of Escrow. If, prior to the Close of Escrow, any of Buyer's representations and warranties becomes materially untrue or misleading for a reason beyond Buyer's control, Buyer shall promptly notify Seller in writing of same, and Seller may, prior to Close of Escrow, either elect to terminate this Agreement by reason thereof or, if Seller does not so terminate this Agreement and proceeds to the Close of Escrow, Buyer's representation and warranty shall be deemed modified as stated in Buyer's notice.

7.2.1 Buyer's Authority. Buyer warrants and represents that it is a duly organized and validly existing limited liability company formed under the laws of the State of California, duly qualified to transact business in the State of California. The entry by Buyer into the transaction contemplated by this Agreement and the performance by Buyer of all of its obligations in connection herewith have been duly and validly authorized by all necessary action(s), are in accordance with applicable law and are not in violation of Buyer's articles of incorporation. This Agreement and all additional documents delivered in connection with this Agreement have been duly and validly executed and delivered by Buyer and constitute the legal, valid and binding obligations of Buyer and no other action is required to consummate the valid and binding execution, delivery and performance of this Agreement by Buyer. Paul D. Menzies, the Managing Member of Buyer, and the person executing and delivering this Agreement is duly authorized to execute and deliver this Agreement on behalf of Buyer, to execute and deliver the documents specified herein, to bind Buyer, and generally to perform Buyer's obligations hereunder and thereunder.

7.2.2 Consents. Buyer has taken all requisite company action and obtained all requisite company consents in connection with entering into this Agreement and the instruments and documents referenced herein, and the consummation of the transaction contemplated hereby, and no consent of any other party is required.

7.2.3 As-Is Purchase. Except for Seller's representations and warranties contained herein, and excluding Seller's fraud and any matters disclosed in any estoppel certificate delivered to Buyer prior to the end of the Estoppel Collection Period, Buyer is relying solely upon its own inspections, investigations and analyses of the foregoing matters in entering into this



Agreement and is not relying in any way upon any representations, statements, agreements, warranties, studies, reports, descriptions, guidelines or other information or material furnished by Seller or its representatives, whether oral or written, express or implied, of any nature whatsoever regarding any such matters. Buyer is purchasing the Property, and the Property shall be conveyed and transferred to Buyer, "As-Is" and Buyer will acquire the Property, if at all, in its present state and condition, without representation by Seller or its representatives as to any matter. Except for Seller's representations and excluding Seller's fraud, Buyer acknowledges that it has not relied, and is not relying, on any information, document, sales brochure, or other literature, maps or sketches, projection, pro forma, statement, representation, guarantee, or warranty (whether express or implied, or oral or written, or material or immaterial) that may have been given by, or made by, or on behalf of, the Seller. Buyer represents and warrants to Seller that Buyer is an experienced and sophisticated purchaser of properties such as the Property and that during the Due Diligence Period, Buyer will have the opportunity to become specifically familiar with the Property and the obligations and requirements of the Governmental Agencies having jurisdiction over the Property and that Buyer, by its approval of the Due Diligence Period, acknowledges that it has had the opportunity to inspect and examine all aspects of the Property in its current condition that Buyer believes to be relevant to its decision to purchase the Property. Except for Seller's representations and warranties expressly set forth herein, Seller's fraud, the matters disclosed in any estoppel certificate delivered to Buyer prior to the end of the Estoppel Collection Period, the implied covenants (under California law) in the grant of real property, and the Seller's express covenant's and indemnities herein (including, without limitation, the covenants and indemnities with respect to Hazardous Materials set forth herein in Sections 7.1.10 and 7.1.11), no patent or latent condition affecting the Property in any way, whether known or discoverable or hereafter discovered, shall affect Buyer's right to obtain a refund of Buyer's Deposit or its obligation, if Buyer has approved its feasibility studies, to purchase the Property, nor shall give rise to any right of damages, specific performance, rescission or otherwise against Seller.

7.2.4 Indemnity. Buyer agrees to indemnify, protect, defend (with legal counsel acceptable to the Seller) and hold Seller and Seller's Releasees harmless from and against any and all losses, claims, demands, damages, costs and expenses of whatever nature (including, without limitation, attorneys' fees) relating to or arising out of a breach of Buyer's representations and warranties set forth in this Section 7.2. Buyer covenants that this Section shall survive the termination of this Agreement or the Close of Escrow and shall be binding on Buyer until such time as an action against the party is absolutely barred by the applicable statute of limitations.

7.3 Hazardous Materials.

7.3.1 Hazardous Materials Defined. The term "Hazardous Material(s)" shall mean any toxic or hazardous substance, material or waste or any pollutant or contaminant or infectious or radioactive material, including but not limited to those substances, materials or wastes regulated now or in the future under any of the statutes or regulations listed in Section 7.3.2 below, and any and all of those substances included within the definitions of "hazardous

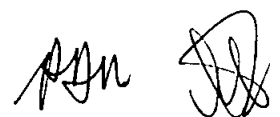


substances," "hazardous materials," "hazardous waste," "hazardous chemical substance or mixture," "imminently hazardous chemical substance or mixture," "toxic substances," "hazardous air pollutant," "toxic pollutant," or "solid waste" in the statutes or regulations in Section 7.3.2. Hazardous Materials shall also mean any and all other similar terms defined in other federal, state and local laws, statutes, regulations, orders or rules, and materials and wastes which are, or in the future become, regulated under applicable local, state or federal law for the protection of health or the environment, or which are classified as hazardous or toxic substances, materials or wastes, pollutants or contaminants, as defined, listed or regulated by any federal, state or local law, regulation or order or by common law decision, including, without limitation, (i) trichloroethylene, tetrachloroethylene, perchloroethylene and other chlorinated solvents, (ii) any petroleum products or fractions thereof, (iii) asbestos, (iv) polychlorinated biphenyls, (v) flammable explosives, (vi) urea formaldehyde and (vii) radioactive materials and waste.

7.3.2 Hazardous Materials Laws Defined. The term "Hazardous Materials Law(s)" shall mean any federal, state or local laws, ordinances, codes, statutes, regulations, administrative rules, policies and orders, and other authority, existing now or in the future, which classify, regulate, list or define hazardous substances, materials, wastes contaminants, pollutants and/or the Hazardous Materials, including without limitation the following statutes and regulations, and any other legal authority, regulations, or policies and any other local authority, regulations or policies relating to or implementing such statutes and regulations:

(i) **Federal.** Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA" or "Superfund"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), 42 U.S.C. § 9601 et seq.; Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. § 6901 et seq.; Clean Water Act ("CWA"), 33 U.S.C. § 1251 et seq.; Clean Air Act ("CAA"), 42 U.S.C. § 78401 et seq.; Toxic Substances Control Act ("TSCA"), 15 U.S.C. § 2601 et seq.; The Refuse Act of 1899, 33 U.S.C. § 407; Occupational Safety and Health Act ("OSHA"), 29 U.S.C. § 651 et seq.; Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) and the Environmental Protection Agency Table (40 CFR Part 302 and amendments thereto);

(ii) **California.** Carpenter-Presley-Tanner Hazardous Substance Account Act ("California Superfund"), Cal. Health & Safety Code § 25300 et seq.; California Hazardous Waste Control Act, Cal. Health & Safety Code Sections 25100 et seq.; Porter-Cologne Water Quality Control Act ("Porter-Cologne Act"), Cal. Water Code § 13000 et seq.; Hazardous Waste Disposal Land Use Law, Cal. Health & Safety Code § 25220 et seq.; Safe Drinking Water and Toxic Enforcement Act of 1986 ("Proposition 65"), Cal. Health & Safety Code § 25249.5 et seq.; Hazardous Substances Underground Storage Tank Law, Cal. Health & Safety Code § 25280 et seq.; California Hazardous Substance Act, Cal. Health & Safety Code § 28740 et seq.; Air Resources Law, Cal. Health & Safety Code § 39000 et seq.; Hazardous

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Materials Release Response Plans and Inventory, Cal. Health & Safety Code §§ 25500-25541; Toxic Pits Cleanup Act of 1984 ("TCPA"), Cal. Health & Safety Code §§ 25208-25208.17;

(iii) **Other Laws and Regulations.** All other laws, ordinances, codes, statutes, regulations, administrative rules, policies and orders, promulgated pursuant to said foregoing statutes and regulations or any amendments or replacement thereof, provided such amendments or replacements shall in no way limit the original scope and/or definition of Hazardous Materials defined herein as of the Effective Date of this Agreement.

7.3.3 Buyer's Independent Review. Buyer warrants and represents that it shall conduct its own investigations and studies of the Property as it deems necessary or appropriate to determine the presence or absence of Hazardous Materials on or within the Property. Buyer, by delivery of its Notice of Approval of Due Diligence, acknowledges that Buyer has had the opportunity to conduct sufficient investigations into the previous uses and ownership of the Property, and after such investigations, Buyer has determined, to its satisfaction, that Buyer is satisfied with such opportunity to perform such investigations and is willing to purchase the Property in its existing condition subject to the terms of this Agreement.

7.3.4 Assumption of Risks; Release. Buyer, for itself and its successors and assigns (the "Buyer's Related Parties"), hereby (a) agrees that Buyer is relying solely on its own investigation of the Property covering the effect of any Hazardous Materials that may be on or within the Property, whether disclosed by such investigations or not (collectively, the "Hazardous Materials Effects"), (b) assumes the risk of any and all liabilities, claims, demands, suits, judgments, losses, damages, expenses (including, without limitation, attorneys' fees) and other obligations arising out of or incurred in connection with the Hazardous Materials Effects, if any, (collectively, the "Assumed Risks"), (c) releases, waives, discharges and covenants not to sue Seller or Seller's Releasees, and each of them, from any and all liabilities or obligations concerning the Assumed Risks; provided however, this release does not extend to: (i) claims known to Seller, but which Buyer does not know or suspect to exist at or prior to the Close of Escrow, which if known by Buyer would have materially affected Buyer's decision to Close Escrow and purchase the Property; (ii) claims of third parties made against Buyer, Buyer reserving to itself all its rights, if any, to defend such claims and seek contribution and indemnity from Seller in defense of such third party claims; (iii) claims based on Seller's fraud or a breach of Seller's representations and warranties expressly set forth herein; (iv) claims based on a breach of the implied covenants of the grant of the real property; or (v) claims based on the breach of the Seller's express covenant's herein and indemnities herein, including without limitation the covenants and indemnities with respect to Hazardous Materials under Sections 7.1.10 and 7.1.11.

ARTICLE 8 THE CLOSE OF ESCROW

8.1 Close of Escrow. Escrow Agent shall close the escrow on or before the Closing Date for the Property by (i) recording the documents in the priority described in Section 8.1.3

below and (ii) delivering funds and documents as set forth in Article 10 entitled "Recordation and Distribution of Funds and Documents" when and only when each of the conditions set forth below has been satisfied.

8.1.1 Funds and Instruments. All funds and instruments required for the Close of Escrow for the Property pursuant to Articles 2 and 3 have been delivered to Escrow Agent.

8.1.2 Satisfaction of Conditions Precedent. Each of the conditions precedent for the Property set forth in Articles 4 and 5 have been, or upon such closing shall be, satisfied as provided for in Articles 4 and 5.

8.1.3 Recordation. Escrow Agent shall record the documents deposited into Escrow for the Property for recordation in the Office of the County Recorder for San Diego County.

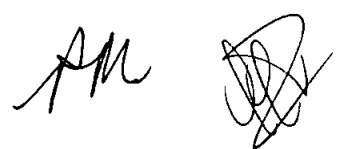
8.1.4 Earlier Closing. If all the conditions set forth in Subsections 8.1.1 and 8.1.2 become satisfied at a date earlier than the Closing Date for the Property, Escrow Agent shall close the escrow at such earlier date, provided Escrow Agent obtains the consent of Buyer and Seller to do so.

8.2 Termination Based on Failure to Close by the Closing Date. If Escrow fails to close by the Closing Date for any reason other than Buyer's or Seller's default, then, except for any indemnity or other obligations of Buyer under this Agreement which are to survive the termination of this Agreement, the respective rights, duties and obligations of Buyer and Seller under this Agreement shall forthwith terminate. The parties shall immediately thereafter sign such instructions and other instruments as may be necessary to effect the cancellation of the Escrow, and each party shall pay its respective share (if any) of Escrow cancellation charges as provided in Section 9.5 below.

ARTICLE 9 PRORATIONS, FEES AND COSTS

9.1 Prorations. At each Close of Escrow, Escrow Agent will prorate (i.e., apportion) between the parties, in cash, to the applicable Close of Escrow based on the latest information available to Escrow Agent the following:

9.1.1 Taxes. All real property taxes and assessments ("Real Estate Taxes") for the Property will be pro rated between the Buyer and the Seller as of the Closing Date based on the most recent tax year. Seller shall continue to be responsible for any taxes or assessments levied after the Closing to the extent attributable to the ownership of the Property before the Closing and shall immediately reimburse Buyer for any such taxes.

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9.1.2 Rents and Security Deposits.

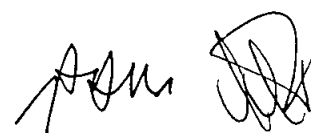
(a) Subject to the provisions of Section 6.7 above, prepaid rents and unapplied security deposits paid by tenants as of the Close of Escrow shall be prorated and credited by Escrow Agent through Escrow. Such amount, plus any additional security deposits or prepaid rents received by Seller between the Effective Date and the Closing Date, less any portion of the security deposits or prepaid rents applied or returned pursuant to the applicable Leases, shall be credited towards that portion of the Purchase Price to be deposited by Buyer at the Close of Escrow in cash. From and after the Closing, Buyer shall be liable to all tenants for repayment of any outstanding security deposits or prepaid rent, less lawful deductions, and shall indemnify, protect, defend and hold harmless Seller from and against any claims, demands, actions, or expense (including reasonable attorneys' fees) arising out of the security deposits or prepaid rent. Seller agrees that Seller will not apply any security deposit against delinquent rent payments from and after the Effective Date and prior to the Closing Date.

(b) Subject to the provisions of Section 6.7 above, monthly rental payments actually paid will be prorated between the Buyer and Seller as of the Close of Escrow. Delinquent tenant rents and Common Area Charges (as defined below) shall not be prorated and shall, if and when collected by Buyer, be applied first to current months' rents, and then to delinquent rents and Common Area Charges in the inverse order of delinquency, with any remaining amounts allocable to the period prior to Closing being paid to Seller. Seller shall have the right to seek collection from any tenants who are in arrears as of the Closing.

9.1.3 Property Agreements. Any amounts unpaid by Seller as of the Close of Escrow under any Property Agreements to be assigned by Seller to Buyer hereunder for services performed prior to the Close of Escrow or any payments made by Seller prior to the Close of Escrow with respect to any Property Agreements to be assigned to Buyer hereunder which payments relate to services to be performed after the Close of Escrow will be pro rated as of the Close of Escrow.

9.1.4 Common Area Charges. Expenses for common area charges at the Property ("Common Area Charges") actually paid will be pro rated between Buyer and Seller as of the Close of Escrow. Any payments for such Common Area Charges received by Seller prior to the Close of Escrow from tenants which are obligated to make such payments under any of the Existing Leases at the Property will be pro rated as of the Close of Escrow. After the Close of Escrow Buyer shall reasonably cooperate with Seller to collect Common Area Charges from the tenants and Buyer will reimburse Seller within five (5) days of receipt from the tenants for amounts which Seller is entitled to receive to repay Seller for Common Area Charges paid by Seller prior to the Close of Escrow.

9.1.5 Service Contracts. Prepaid charges in connection with any Service Contracts that Buyer elects to assume or Licenses and Permits, shall be credited to Seller.

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Accrued charges in connection with such Service Contracts, or Licenses and Permits, shall be credited to Buyer.

9.1.6 Utilities. Except to the extent such items are the responsibility of tenants, prepaid water, sewer, and other utility charges and deposits (to the extent assigned to Buyer) shall be credited to Seller, and accrued water, sewer, and other utility charges shall be credited to Buyer.

9.1.7 Leasing Commissions. On or before the Closing Date, Seller shall pay in full all leasing commissions due to leasing or other agents for the current remaining term of each Lease (determined without regard to any unexercised termination or cancellation right); provided, however, that if any leasing agent will not accept such payment, then Buyer shall receive a credit against the Purchase Price at Closing in an amount equal to the then-unpaid leasing commissions due thereunder after the Closing Date up to the amount of such credit.

9.2 Thirty-Day Month. All prorations and/or adjustments called for in this Agreement are to be made on the basis of a thirty (30) day month, unless otherwise specifically instructed in writing.

9.3 Seller's Fees and Costs. Seller will pay (i) County Documentary Transfer Tax in the amount Escrow Agent determines to be required by law, (ii) the fee for the Title Policy, (iii) one-half of Escrow Agent's escrow fee and (iv) usual Seller's document-drafting and recording charges.

9.4 Buyer's Fees and Costs. Buyer will pay (i) one-half of Escrow Agent's escrow fee, (ii) usual Buyer's document-drafting and recording charges, (iii) if Buyer has requested an ALTA Extended Title Policy, the difference between the cost of the Title Policy and the ALTA Extended Title Policy, (iv) the cost for any endorsements requested by Buyer, and (v) the cost of any survey requested by Buyer pursuant to Section 5.1.2 of this Agreement.

9.5 Escrow Cancellation Charges Due to a Default. Notwithstanding the provisions of Sections 9.3 and 9.4 above, if Escrow fails to close on the Property due to Seller's default, Seller shall pay all escrow cancellation charges. If Escrow fails to close due to Buyer's default, Buyer shall pay all escrow cancellation charges. If escrow fails to close for any reason other than the foregoing, Buyer and Seller shall each pay one-half (½) of any escrow cancellation charges. "Escrow Cancellation Charges" means all fees, charges and expenses incurred by Escrow Agent as to the Property, including all expenses incurred in connection with issuance of the Preliminary Report, any Supplemental Report(s) and other title matters.



ARTICLE 10
RECORDATION AND DISTRIBUTION OF FUNDS AND DOCUMENTS

10.1 Deposit of Funds. All cash, if any, received hereunder by Escrow Agent shall be kept on deposit in a non-commingled interest-bearing account reasonably acceptable to Buyer and Seller.

10.2 Recorded Documents. Escrow Agent will cause the County Recorder of San Diego County to mail the Assignment of Ground Leases (and any other document which is herein expressed to be, or by general usage is, recorded) after recordation, to the Assignee, Beneficiary or person (i) acquiring rights under said document or (ii) for whose benefit said document was acquired.

10.3 Unrecorded Documents. Escrow Agent will, at each Close of Escrow, deliver by certified mail or overnight courier (or will hold for personal pickup, if requested) each nonrecorded document received hereunder by Escrow Agent to the payee or person (i) acquiring rights under said document or (ii) for whose benefit said document was acquired.

10.4 Payment of Funds at Close of Escrow. Escrow Agent will, at each Close of Escrow, deliver by wire transfer, in accordance with Seller's instructions, (or will hold for personal pickup, if requested) (i) to Seller, or order, the cash, plus any prorations or other credits to which Seller will be entitled less any appropriate prorations or other charges and (ii) to Buyer, or order, any excess funds theretofore delivered to Escrow Agent by Buyer.

10.5 Conformed Copies. Escrow Agent will, no later than three (3) Business Days after each Close of Escrow, deliver to Seller a copy of the Assignment of Ground Leases for the Property (conformed to show recording date) and conformed copies of each document recorded to place title in the condition required by the agreement.

ARTICLE 11
REMEDIES

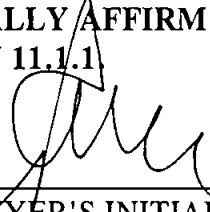
11.1 Seller's Remedies.

11.1.1 LIQUIDATED DAMAGES. IF ESCROW FAILS TO CLOSE DUE TO BUYER'S DEFAULT, 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 FOR THE PROPERTY 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 DATE SET FOR THE CLOSE OF ESCROW. BUYER DESIRES TO LIMIT THE AMOUNT OF DAMAGES FOR WHICH BUYER MIGHT BE LIABLE SHOULD BUYER BREACH THIS AGREEMENT. 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, IF BUYER HAS DELIVERED (OR BEEN DEEMED TO HAVE DELIVERED) ITS NOTICE OF APPROVAL OF DUE DILIGENCE AND ESCROW FAILS TO CLOSE ON THE PROPERTY DUE TO BUYER'S DEFAULT, THE SUM OF ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000) SHALL BE DEEMED TO CONSTITUTE A REASONABLE ESTIMATE OF SELLER'S DAMAGES UNDER THE PROVISIONS OF SECTION 1671 OF THE CALIFORNIA CIVIL CODE AND SELLER'S SOLE AND EXCLUSIVE REMEDY (ALL OTHER CLAIMS AND REMEDIES, INCLUDING SPECIFIC PERFORMANCE, BEING WAIVED, RELEASED AND DISCHARGED) IN THE EVENT OF THE FAILURE TO CLOSE ESCROW RESULTING FROM BUYER'S DEFAULT SHALL BE LIMITED TO SUCH AMOUNT; PROVIDED, HOWEVER, THAT THE PARTIES AGREE THAT IN NO EVENT SHALL THIS LIQUIDATED DAMAGES PROVISION APPLY TO ANY BREACH OF BUYER'S OBLIGATIONS UNDER SECTIONS 6.3.2 OF THIS AGREEMENT AND ANY OTHER INDEMNITY PROVISIONS OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS SECTION, IF BUYER BRINGS AN ACTION AGAINST SELLER FOR AN ALLEGED BREACH OR DEFAULT BY SELLER OF ITS OBLIGATIONS UNDER THIS AGREEMENT, SELLER SHALL NOT BE RESTRICTED BY THE PROVISIONS OF THIS SECTION FROM BRINGING AN ACTION AGAINST BUYER SEEKING EXPUNGEMENT OF ANY LIS PENDENS RECORDED IN CONNECTION THEREWITH OR ANY OTHER EQUITABLE RELIEF, INJUNCTION OR OTHER RESTRAINT, AND RECOVERING ANY AND ALL ATTORNEY FEES AND LITIGATION COSTS WHICH SELLER MAY SUFFER OR INCUR AS A RESULT OF BUYER'S ACTION SHOULD SELLER BE THE PREVAILING PARTY IN SUCH ACTION, AND THE AMOUNT OF ANY SUCH DAMAGES AWARDED TO SELLER SHALL NOT BE LIMITED TO THE LIQUIDATED DAMAGES SET FORTH HEREIN. BY INITIALING THIS PROVISION IN THE SPACES BELOW, SELLER AND BUYER EACH SPECIFICALLY AFFIRM THEIR RESPECTIVE AGREEMENTS CONTAINED IN THIS SECTION 11.1.1.

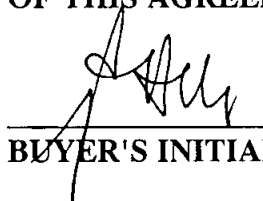


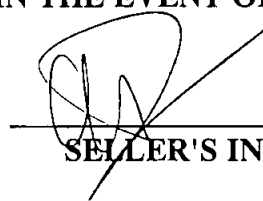
BUYER'S INITIALS



SELLER'S INITIALS

11.2 BUYER'S REMEDIES. IF SELLER DEFAULTS IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT AND THE CLOSE OF ESCROW FOR THE PROPERTY FAILS TO OCCUR BY REASON THEREOF, (a) BUYER'S SOLE MONETARY REMEDY SHALL BE TO TERMINATE THIS AGREEMENT BY WRITTEN NOTICE DELIVERED TO SELLER AND RECEIVE THE RETURN OF BUYER'S DEPOSIT FROM ESCROW AGENT, TOGETHER WITH ALL INTEREST ACCRUED THEREON, AND TO RECOVER ACTUAL DAMAGES INCURRED NOT TO EXCEED ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000.00), AND (b) BUYER HEREBY SPECIFICALLY WAIVES ALL RIGHTS TO RECOVER ANY AND ALL ACTUAL DAMAGES INCURRED OR WHICH BUYER ALLEGES TO HAVE BEEN INCURRED BY BUYER AS A RESULT OF SELLER'S DEFAULT, WHETHER DIRECT OR INDIRECT, CONSEQUENTIAL OR PUNITIVE, BY REASON THEREOF IN EXCESS OF ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000.00). NOTHING HEREIN SHALL BE DEEMED TO LIMIT BUYER'S RIGHT UNDER CALIFORNIA LAW TO SEEK SPECIFIC PERFORMANCE (INCLUDING REMOVAL OF VOLUNTARY LIENS OR ENCUMBRANCES AS REQUIRED IN SECTION 5.1.1 OF THIS AGREEMENT) IN THE EVENT OF SELLER'S DEFAULT.


BUYER'S INITIALS


SELLER'S INITIALS

ARTICLE 12 ASSIGNABILITY; BANKRUPTCY

12.1 Assignment by Buyer. Buyer may not, voluntarily or by operation of law, assign or otherwise transfer any of its rights or obligations under this Agreement without obtaining the prior written consent of Seller, which consent may be withheld by Seller in its sole and absolute discretion. In addition to other factors, Seller shall have the right, but not the obligation, to review the creditworthiness of any proposed assignee in connection with its approval or disapproval of such assignee. Such assignment shall specifically provide that the Buyer's assignee agrees to be bound by the provisions of this Agreement and any action previously taken by the Buyer pursuant to this Agreement as of the date of such assignment. Notwithstanding the forgoing, Buyer may assign without Seller's prior written consent to (i) a corporate affiliate of Buyer which, for purposes hereof shall mean a person or entity controlling, controlled by, or under common control with Buyer, (ii) an entity with which Buyer has merged or consolidated, (iii) an entity which acquires all or substantially all of the shares of stock or assets of Buyer, or in which Buyer acquires all of substantially all of the shares of stock or assets, or (iv) a new limited liability company formed under the laws of any state of the United States in which the original Buyer is the sole manager with the right to maintain management control through the Close of Escrow (herein an "Exempt Transferee"), provided such Exempt Transferee expressly assumes and agrees to be bound by the provisions of this Agreement and any action previously

taken by the Buyer pursuant to this Agreement as of the date of such assignment. It is expressly understood and agreed that Buyer shall not be released from Buyer's obligations under this Agreement nor shall Buyer's primary liability to pay amounts due under this Agreement and to perform all other obligations to be performed by Buyer under this Agreement be altered by (i) an assignment, regardless of Seller's consent, or (ii) any failure by Seller after any assignment, regardless of Seller's consent, to give Buyer notice of default under or in respect of any of the terms, covenants, conditions or provisions of the Agreement. However, following any assignment in accordance with the above provisions the transferee, and not the original Buyer, shall be obligated to execute the Closing documents, including the Assignment of Leases, and the original Buyer shall have no obligation or liability thereunder.

12.1.1 Procedure For Obtaining Consent. No assignment of the Buyer's interest shall be valid unless the Buyer and its assignee deliver a copy of the written assignment to the Seller at least fifteen (15) days prior to the Close of Escrow. Seller shall have five (5) days after receipt of a copy of the assignment, together with Buyer's written request for consent to the assignment and current financial statements for the proposed assignee, to approve or disapprove the assignment. Any assignment shall not delay the Close of Escrow.

12.1.2 Assignee's Rights and Obligations. In the event of any assignment by Buyer, the assignee shall be and become (i) the assignee of the Assignment of Ground Leases, (ii) the insured owner under the Title Policy, (iii) the assignee of any other items of consideration Seller is to assign to Buyer under this Agreement and (iv) the person or entity having the right or obligation to (a) deliver statements, (b) deliver documents, (c) give approvals, (d) waive conditions or (e) make demands, all as may be permitted or required by this Agreement and not then already accomplished by Buyer or another assignee.

12.1.3 Vesting. Buyer shall have the right to designate another entity in whom title is to vest not later than five (5) business days prior to the Closing Date.

12.2 Bankruptcy. Buyer agrees that in the event all or substantially all of Buyer's assets are placed in the hands of a receiver or trustee, and such receivership or trusteeship continues for a period of thirty (30) days, or should Buyer make an assignment for the benefit of creditors or be adjudicated a bankrupt, or should Buyer institute any proceedings under the Bankruptcy Act or under any amendment thereof which may hereafter be enacted, or under any other act relating to the subject of bankruptcy wherein Buyer seeks to be adjudicated a bankrupt, or to be discharged of its debts, or to effect a plan of liquidation, composition or reorganization, or should any involuntary proceeding be filed against Buyer under any such bankruptcy laws and Buyer consents thereto or acquiesces therein by pleading or default, or if such involuntary proceeding is not dismissed within ninety (90) days, then this Agreement shall not become an asset in any of such proceedings and, in any such event Seller may declare this Agreement ended and Buyer shall have no further claim on the Property or otherwise and shall have no right to the return of Buyer's Deposit.

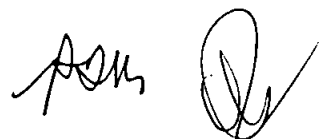


ARTICLE 13 CONDEMNATION/CASUALTY

13.1 Eminent Domain. In the event that, prior to the Close of Escrow, all or substantially all of the Property is taken or appropriated by any public or quasi-public authority under the power of eminent domain or such an eminent domain action is threatened, then Buyer may terminate this Agreement without further liability hereunder and the parties shall proceed in accordance with Section 8.2. In the event of a partial taking of the Property or the threatened partial taking of the Property, Buyer can elect to terminate this Agreement under Section 8.2. If Buyer does not elect to so terminate this Agreement, Buyer shall purchase the Property without a reduction in the Purchase Price. In the event of an actual or threatened taking, if this Agreement has not been terminated by Buyer pursuant to this Section, Escrow shall close and Seller shall assign to Buyer its interest in any condemnation award made by the governmental entity.

13.2 Condemnation. As used in this Article, "condemnation", or "condemned" or "taking" shall mean the exercise of the power of eminent domain, expressed in writing, as well as the filing of any action or proceeding for such purpose, by any person, entity, body, agency or authority having the right or power of eminent domain (the "condemning authority" herein), and shall include a voluntary sale by Seller to any such condemning authority, either under the threat of condemnation or while condemnation proceedings are pending, and the condemnation shall be deemed to occur in point of time upon the actual physical taking of possession pursuant to the exercise of said power of eminent domain.

13.3 Casualty. In the event that the Property is damaged or destroyed between the Effective Date and the Closing Date, Seller shall obtain a repair estimate. If the estimate exceeds One Hundred Thousand Dollars (\$100,000.00) or thirty percent (30%) or more of the tenants have the right to terminate their leases because of such damages, Buyer can terminate this Agreement by giving written notice thereof to Seller within five (5) days of Buyer's receipt of such estimate. If the repair estimate is less than One Hundred Thousand Dollars (\$100,000.00) and thirty percent (30%) or more of the tenants do not have the right to terminate their leases because of such damages, Buyer will remain obligated to buy the Property. If this Agreement is not terminated hereunder, Seller shall assign to Buyer all rights which Seller shall have to recover insurance proceeds based upon such damage or destruction (except for any rights Seller may have to recover costs and expenses incurred by Seller in securing and repairing the Property, or for lost income, prior to the Close of Escrow) and, provided further, that Seller pays the Buyer, on the Closing Date, the amount of any deductible under the insurance and any uninsured amounts not to exceed a total of One Hundred Thousand Dollars (\$100,000.00) (the total payment to Buyer not to exceed the cost of repair) and Buyer reimburses Seller for any costs and expenses paid by Seller to repair the Property prior to the Closing Date which are not reimbursed to Seller by Seller's insurance policies before the Closing but are reimbursed to Buyer after Closing. If this Agreement is terminated pursuant to this provision, Buyer and Seller will each pay one half of any escrow cancellation and title charges.



ARTICLE 14 GENERAL PROVISIONS

14.1 Construction of Agreement. The agreement contained herein shall not be construed in favor of or against either party, but shall be construed as if both parties prepared this Agreement.

14.2 Captions. The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

14.3 Governing Law. This Agreement and the documents in the form attached as exhibits hereto shall be governed by and construed under the laws of the State of California.

14.4 Time of the Essence. Time is of the essence of each and every provision of this Agreement. Buyer, by its execution of this Agreement, specifically acknowledges the importance of observing each and every time period in this Agreement.

14.5 Successors and Assigns. Subject to the restrictions and prohibitions on assignment set forth in Article 13, each and all of the covenants and conditions of this Agreement shall inure to the benefit of and shall be binding upon the successors in interest of Seller, and, subject to the restrictions on transfers herein provided, the successors, heirs, representatives and assigns of Buyer. As used in the foregoing, "successors" shall refer both to the parties' interest in the Property and to the successors to all or substantially all of their assets and to their successors by merger or consolidation.

14.6 Remedies Cumulative. All rights and remedies of Seller and Buyer contained in this Agreement shall be construed and held to be cumulative, and no one of them shall be exclusive of the other.

14.7 Waiver. No waiver by either party of a breach of any of the terms, covenants or conditions of this Agreement by the other party shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant or condition herein contained. No waiver of any default by either party hereunder shall be implied from any omission by the non-defaulting party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect a default other than as specified in such waiver. The consent or approval by either party to or of any act by the other party requiring the consenting party's consent or approval shall not be deemed to waive or render unnecessary such consenting party's consent or approval to or of any subsequent similar acts by the other party.

14.8 Attorneys' Fees. In the event any action shall be instituted between Seller and Buyer in connection with this Agreement, the party prevailing in such action shall be entitled to recover from the other party all of its costs of action, including reasonable attorneys' fees, disbursements of counsel and expert fees as fixed by the court therein.



14.9 Severability. In the event that any phrase, clause, sentence, paragraph, section, article or other portion of this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Agreement shall not be affected thereby and shall remain in force and effect to the fullest extent permissible by law.

14.10 Gender and Number. In this Agreement (unless the context requires otherwise), the masculine, feminine and neuter genders and the singular and the plural include one another.

14.11 Real Estate Brokerage Commissions. A commission shall be payable by Seller to Whitaker Investment Corporation and CB Richard Ellis pursuant to a separate agreement with Seller. Except as set forth above, each party hereby indemnifies, protects, defends (with legal counsel reasonably acceptable to the other party) and holds the other party free and harmless from and against any and all costs and liabilities, including, without limitation, reasonable attorneys' fees, for causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of the other party in connection with this transaction.

14.12 Entire Agreement. This Agreement and all matters expressly referred to herein constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and all prior and contemporaneous agreements, representations, negotiations and understandings of the parties hereto, oral or written, are hereby superseded.

14.13 Notice and Payments. Any notice to be given or other document to be delivered by any party to the other or others hereunder, and any payments from Buyer to Seller, may be delivered in person to an officer of any party, or may be deposited in the United States mail, State of California, duly certified or registered, return receipt requested, with postage prepaid, or by Federal Express or other similar overnight delivery service and addressed to the party for whom intended, as follows:

To Seller at its business office:

San Diego Hospital Association
3131 Berger Avenue
San Diego, CA 92123

Attn: Mike Murphy, President

A handwritten signature, possibly reading "ASH", followed by a large, stylized circular flourish or checkmark.

With a copy to:

San Diego Hospital Association
3131 Berger Avenue, Suite 100
San Diego, CA 92123
Attn: Carlisle C. Lewis, III, Esq.

With a copy to:

Luce, Forward, Hamilton & Scripps
600 West Broadway, Suite 2600
San Diego, CA 92101
Attn: Charles L. Hellerich, Esq.

To Buyer at its business office:

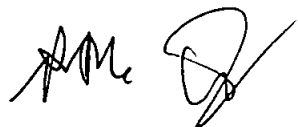
Levin Menzies Kelly and Associates LLC
1981 North Broadway, Suite 415
Walnut Creek, CA 94596
Attn: Paul D. Menzies, Managing Member

To Escrow Agent at:

Chicago Title Company
925 B Street
San Diego, CA 92101
Attn: _____

Any party hereto may from time to time, by written notice to the other, designate a different address which shall be substituted for the one above specified. Unless otherwise specifically provided for herein, all notices, payments, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly given and received (i) upon personal delivery or (ii) as of the third business day after mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as set forth above, or (iii) the immediately succeeding business day after deposit with Federal Express or other equivalent over-night delivery system.

14.14 Modification. No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is or may be sought.



14.15 Agreement Survives Close of Escrow. All obligations referred to or required to be performed at a time or times after the Close of Escrow, whether specifically referred to as surviving the Close of Escrow or not, and, except as provided in this Agreement, all indemnities, covenants, warranties, and representations contained herein shall survive the Close of Escrow.

14.16 No Warranties. Except as otherwise specifically provided herein, neither Buyer nor Seller has made any representations, warranties or agreement by or on behalf of either party to the other party as to any matters concerning the Property. Each party expressly waives any rights of rescission and all claims for damages or the right to bring a suit for specific performance by reason of any statement, representation, warranty, promise or agreement, if any, not contained in this Agreement.

14.17 Joint and Several Liability. If Buyer is comprised of more than one person or entity, the liability of each such person signing this Agreement shall be joint and several.

14.18 Exhibits and Schedules. All Exhibits and Schedules attached hereto are incorporated herein by reference.

14.19 No Joint Venture or Partnership. The relationship of Buyer and Seller under this Agreement is, and shall at all times remain, solely that of Seller and Buyer with respect to the obligations under this Agreement, and Seller neither undertakes nor assumes any responsibility or duty to Buyer or to any other person with respect to the Property or this Agreement or the other documents executed in connection herewith, except as expressly provided in this Agreement or any such other documents executed in connection herewith.

14.20 Continued Marketing of Property. Buyer acknowledges and agrees that Seller shall continue to have the right to market the Property for sale and/or to accept "back-up" offers for the Property, during the term of this Agreement.

14.21 No Option or Offer. The submission of this Agreement by Seller, its agent or representative for examination from or execution by Buyer does not constitute an option or offer to sell the Property to Buyer, its being intended that this Agreement shall become effective only upon the occurrence of the execution of this Agreement by Seller and Buyer.

14.22 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be a fully binding and enforceable agreement against the party executing such counterpart, but all of which, when taken together, shall constitute one and the same instrument, binding upon the parties hereto. The signature of any party hereto to any counterpart shall be deemed a signature to, and may be appended to, any other counterpart.

14.23 Periods of Time. All periods of time referred to in this Agreement shall include all Saturdays, Sundays and state or national holidays, unless the period of time specifies Business Days, provided that if the date or last date to perform any act or give any notice with respect to



this Agreement shall fall on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.

14.24 Exchange.

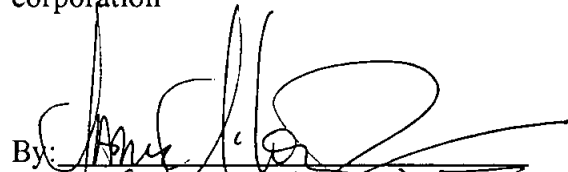
14.24.1 Buyer's Exchange. Seller acknowledges that Buyer may elect to engage in a tax-deferred exchange ("Exchange") pursuant to Section 1031 of the Internal Revenue code. To effect this Exchange, Buyer may assign its rights in, and delegate its duties under, this Agreement to an exchange accommodator which Buyer shall determine. As an accommodation to Buyer, Seller agrees to cooperate with Buyer in connection with the Exchange, including the execution of documents therefor, provided Seller's obligations under this Agreement shall not be increased as a result of such cooperation and provided that Seller shall not be required to take title to any exchange property. Buyer hereby agrees to indemnify and hold Seller harmless from and against any and all claims, liabilities, demands, costs, expenses or causes of action arising out of or in any way connected with Buyer's Exchange.

14.24.2 Seller's Exchange. Buyer acknowledges that in connection with the sale of the Property, Seller may elect to engage in an Exchange to purchase certain other, as yet to be identified property. In the event that Seller desires to pursue an Exchange, Buyer agrees to cooperate with Seller in accomplishing the Exchange, which cooperation shall include, without limitation, execution of documents and allowing for the assignment of this Agreement to an exchange party; provided that Buyer's obligations under this Agreement shall not be increased as a result of such cooperation and provided that Buyer shall not be required to take title to any exchange property. Seller hereby agrees to indemnify and hold Buyer harmless from and against any and all claims, liabilities, demands, costs, expenses or causes of action arising out of or in any way connected with Seller's Exchange.

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

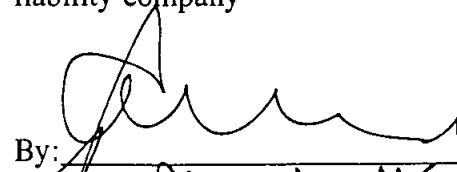
SELLER:

SAN DIEGO HOSPITAL ASSOCIATION,
a California non-profit public benefit
corporation

By: 
Name: CHARLES C. LEWIS, III
Title: SENIOR VICE PRESIDENT

BUYER:

LEVIN MENZIES KELLY AND
ASSOCIATES LLC, a California limited
liability company

By: 
Name: PAUL D. MENZIES
Title: MANAGING MEMBER

CONSENT OF ESCROW AGENT

The undersigned Escrow Agent hereby agrees to (i) accept the foregoing Agreement, (ii) be Escrow Agent under said Agreement and (iii) be bound by said Agreement in the performance of its duties as Escrow Agent; provided, however, the undersigned shall have no obligations, liability or responsibility under (i) this Consent or otherwise unless and until said Agreement, fully signed by the parties, has been delivered to the undersigned or (ii) any amendment to said Agreement unless and until the same shall be accepted by the undersigned in writing.

DATED: _____ (the "Opening of the Escrow")

("Escrow Agent") Title Company

By: _____
Its: _____

EXHIBIT (ESTATE OR INTEREST)

A LEASEHOLD AS CREATED BY THAT CERTAIN LEASE DATED JUNE 5, 1978, EXECUTED BY CITY OF SAN DIEGO, AS LESSOR, AND MONTGOMERY FIELD TWO, a California Limited Partnership, AS LESSEE, AS REFERENCED IN THE DOCUMENT ENTITLED "LEASE", WHICH WAS RECORDED MAY 27, 1980 AS FILE NO. 80-170706, OFFICIAL RECORDS, FOR THE TERM AND UPON AND SUBJECT TO ALL THE PROVISIONS CONTAINED IN SAID DOCUMENT, AND IN SAID LEASE AS TO PARCEL A.

A LEASEHOLD AS CREATED BY THAT CERTAIN LEASE DATED JULY 27, 1978, EXECUTED BY CITY OF SAN DIEGO, AS LESSOR, AND MONTGOMERY FIELD ONE, a California Limited Partnership, AS LESSEE, AS REFERENCED IN THE DOCUMENT ENTITLED "LEASE", WHICH WAS RECORDED MARCH 20, 1979 AS FILE NO. 79-115029, OFFICIAL RECORDS, FOR THE TERM AND UPON AND SUBJECT TO ALL THE PROVISIONS CONTAINED IN SAID DOCUMENT, AND IN SAID LEASE, AS TO PARCEL B

EXHIBIT A

DESCRIPTION

PARCEL A:

THAT PORTION OF LOT 24 OF NEW RIVERSIDE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 679, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 11, 1891, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 24; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 24, SOUTH 89° 22' 05" WEST, 37.00 FEET TO THE POINT CUSP WITH A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY FORMING A PORTION OF JOHN J. MONTGOMERY DRIVE; THENCE ALONG THE BOUNDARY OF SAID DRIVE AS FOLLOWS:

NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET; TANGENT TO SAID CURVE NORTH 00° 37' 55" WEST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; AND NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET TO A POINT OF TANGENCY IN THE SOUTHERLY LINE OF GIBBS DRIVE; THENCE ALONG SAID SOUTHERLY LINE TANGENT TO SAID CURVE SOUTH 89° 22' 05" WEST, 678.57 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID SOUTHERLY LINE SOUTH 89° 22' 05" WEST, 550.57 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY FORMING A PORTION OF GLEN L. CURTIS DRIVE; THENCE ALONG THE BOUNDARY OF SAID DRIVE, LAST ABOVE REFERRED TO, AS FOLLOWS:

SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET; TANGENT TO SAID CURVE SOUTH 00° 37' 55" EAST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY; AND SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET TO THE POINT OF TANGENCY IN THE SOUTHERLY LINE OF SAID LOT 24; THENCE ALONG SAID SOUTHERLY LINE, TANGENT TO SAID CURVE NORTH 89° 22' 05" EAST, 550.57 FEET TO A LINE WHICH BEARS SOUTH 00° 37' 55" EAST FROM THE TRUE POINT OF BEGINNING; THENCE NORTH 00° 37' 55" WEST, 200.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL B:

THAT PORTION OF LOT 24 OF NEW RIVERSIDE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 679, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 11, 1891, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 24; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 24, SOUTH 89° 22' 05" WEST, 37.00 FEET TO A POINT OF CUSP WITH THE ARC OF A 20.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY AND BEING THE TRUE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET TO A POINT OF TANGENCY WITH THE WESTERLY LINE OF THE EASTERLY 17.00 FEET OF SAID LOT 24; THENCE ALONG SAID WESTERLY LINE, NORTH 00° 37' 55" WEST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 90° 00' 00" A DISTANCE OF 31.42 FEET; THENCE TANGENT TO SAID CURVE, SOUTH 89° 22' 05" WEST, 678.57 FEET; THENCE SOUTH 00° 37' 55" EAST 200.00 FEET TO THE SOUTHERLY LINE OF SAID LOT 24; THENCE ALONG SAID SOUTHERLY LINE, NORTH 89° 22' 05" EAST, 678.57 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT A-1Personal Property List1. Patio Furniture.

8525 Gibbs Drive: 4 tables, 4 umbrellas, 16 chairs
8575 Gibbs Drive: 4 tables, no umbrellas, 17 chairs
8665 Gibbs Drive: 2 tables, 1 umbrella, 8 chairs
8690 Aero Drive: None

2. Plants in Pots.

8525 Gibbs Drive: 5 interior plants, 5 plants in patio, 4 exterior plants on east side
8575 Gibbs Drive: 4 plants, 1 empty pot
8665 Gibbs Drive: 2 plants
8690 Aero Drive: None

3. Keys to Buildings and Interiors.

All keys are kept in two (2) containers with a legend indicating the key number and what each key opens.

4. Garage Access Cards for 8525 Gibbs Drive.

Many tenants currently have Access Cards to the garage. Fourteen (14) unassigned Access Cards are available.

5. Trash Receptacles and Cigarette Urns.

8525 Gibbs Drive: 3 trash receptacles, 7 cigarette urns
8575 Gibbs Drive: 1 trash receptacle; 3 cigarette urns
8665 Gibbs Drive: 1 trash receptacle; 6 cigarette urns
8690 Aero Drive: 3 trash receptacles; 4 cigarette urns

6. Walk Off Mats.

8525 Gibbs Drive: None
8575 Gibbs Drive: 3 Mats
8665 Gibbs Drive: 1 Mat
8690 Aero Drive: None

7. Furniture and Equipment.

Various furniture and equipment items are mounted to the walls of the office buildings.

EXHIBIT A-2

SERVICE CONTRACTS

Amtech Elevator Services, Inc.

Bergensons Property Services, Inc.

Brookwood Landscape, Inc.

Construction Electronics, Inc.

Ecolab Pest Elimination Division, Inc.

Firemaster-San Diego District

KC Enterprises

Montgomery KONE, Inc.

Pacific Plant Care

Pacific Waste Services, Inc.

Pinkerton Security Inc.

Thermodynamics Heating & Air Conditioning Inc.

Trident Technologies Inc.

RECORDING REQUESTED BY)
WHEN RECORDED MAIL TO:)
)
Luce, Forward Hamilton & Scripps, LLP)
600 West Broadway, Suite 2600)
San Diego, California 92101)
Attn: Charles L. Hellerich)
)

Above Space for Recorder's Use

ASSIGNMENT AND ASSUMPTION
OF GROUND LEASES

ASSIGNMENT AND ASSUMPTION OF GROUND LEASES, dated _____,
199_, between SAN DIEGO HOSPITAL ASSOCIATION, a California nonprofit public benefit
corporation ("Assignor") and MONTGOMERY FIELD, LLC, a California limited liability
company ("Assignee").

ASSIGNMENT AND CONVEYANCE

For good and valuable consideration paid by Assignee to Assignor, the receipt and
sufficiency of which are hereby acknowledge, Assignor hereby assigns, transfers and conveys to
Assignee all of Assignor's right, title and interest, if any, as tenant in and to (i) that certain
ground lease entitled "Flat Rate Lease" filed May 3, 1978, as Document Nol. 763376 in the
Office of the City Clerk, San Diego, California, with attached addendum, and entered into
between Montgomery Field One, a partnership, as lessee, and the City of San Diego, a municipal
corporation, as lessor (the "Montgomery Field One Ground Lease"), and (ii) that certain Ground
Lease entitled "Flat Rate Lease," filed July 31, 1979, as Document No. 766982, in the Office of
the City Clerk, San Diego, California, with attached addendum, and entered into between
Montgomery Field Two, a partnership, as lessee, and the City of San Diego, a municipal
corporation, as lessor (the "Montgomery Field Two Ground lease"). The Montgomery Field One
Ground Lease and the Montgomery Field Two Ground Lease are referred to together herein as
the "Ground Leases." Assignor also grants, transfers and conveys to Assignee all of its right,
title and interest, if any, in and to all buildings and improvements located on the land covered by
the Ground Leases. The Ground Leases cover that certain land located in San Diego, California,
more particularly described in Schedule "1" attached hereto and made a part hereof. The
Montgomery Field One Ground Lease was recorded March 20, 1979 in File/No. 79-115029 of
Official Records of San Diego County, California. The Montgomery Field Two Ground Lease
was recorded May 27, 1980, in File/No. 80-170706 of Official Records of San Diego, California.

EXHIBIT B

BILL OF SALE FORM

FOR VALUE RECEIVED, SAN DIEGO HOSPITAL ASSOCIATION, a California non-profit public benefit corporation ("Seller"), hereby transfers to LEVIN MENZIES KELLY AND ASSOCIATES LLC, a California limited liability company ("Buyer") all of the right, title and interest of Seller, if any, in any and all of the personal property ("Personal Property") located on and used in conjunction with that certain real property described in Schedule "1" attached hereto and incorporated herein by this reference ("Real Property") as of the date set forth below.

Seller has not made and does not make any express or implied warranty or representation of any kind whatsoever with respect to the Personal Property subject to this Bill of Sale, including, without limitation, the title, the merchantability of such Personal Property or its fitness for any particular purposes, the design or condition of such Personal Property, the compliance of such Personal Property with the requirements of any rule, law, regulation, ordinance, specification, or contract pertaining thereto, patent infringements or latent defects. Buyer hereby accepts such Personal Property on an "AS IS, WHERE IS" and "WITH ALL FAULTS" basis.

IN WITNESS WHEREOF, this Bill of Sale has been executed as of this ____ day of _____, 1999.

SAN DIEGO HOSPITAL ASSOCIATION, a
California non-profit public benefit corporation

By: _____
Its: _____

EXHIBIT "D"

LEGAL DESCRIPTION OF LAND

[To Be Attached]

Schedule 1 to EXHIBIT "D"

ASSIGNMENT OF LEASES

This ASSIGNMENT OF LEASES ("Assignment") is executed this _____ day of _____ by and between SAN DIEGO HOSPITAL ASSOCIATION, a California non-profit public benefit corporation ("Assignor"), and LEVIN MENZIES KELLY AND ASSOCIATES LLC, a California limited liability company ("Assignee"), with reference to the facts set forth below.

RECITALS

A. Assignee has of even date herewith acquired title to the premises and the Assignor's interest in those improvements located upon the real property more particularly described on Schedule "1" attached hereto and by this reference made a part hereof (the "Property").

B. Assignor is now landlord under those certain leases, and all amendments, modifications and addenda thereto, described in Schedule "2" attached hereto and incorporated herein ("Leases").

C. In connection with the conveyance of the Property, Assignor and Assignee intend that all of Assignor's right, title, and interest in and to the Leases shall inure to the benefit of and be assigned and transferred to Assignee, and Assignee shall assume all the duties and obligations of Assignor thereunder arising after the date hereof.

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as set forth below.

1. Assignment of Leases. Assignor hereby assigns and transfers to Assignee all of its right, title and interest in and to the Leases, provided, however, Assignor shall retain such rights to pursue tenants for unpaid rent or other amounts due Assignor from tenants as are specified in the Purchase Agreement and Escrow Instructions between Assignor, as Seller, and Assignee, as Buyer, dated _____, 1999, subject to the limitations set forth therein.

2. Acceptance of Assignment. Assignee hereby accepts this assignment and assumes and agrees to keep, perform, and fulfill, as a direct obligation to the tenants under the Leases or other interested parties, all of the terms, covenants, provisions, conditions, and obligations as Landlord under the Leases arising on or after the date of this Assignment and hereby releases Assignor from any and all of Assignor's obligations as Landlord under the Leases arising on or after the date of this Assignment.

3. Indemnifications. Assignee agrees to indemnify, protect, defend and hold harmless Assignor from and against any and all losses, costs, damages and expenses whatsoever, including,

EXHIBIT "E"

Page 1 of 3

but limited to, attorneys' fees, which arise out of, result from or are related to any acts, occurrences or omissions relating to the Leases occurring during the period of Assignee's ownership of the Property. Assignor agrees to indemnify, protect, defend and hold harmless Assignee from and against any and all losses, costs, damages and expenses whatsoever, including, but limited to, attorneys' fees, which arise out of, result from or are related to any acts, occurrences or omissions relating to the Leases occurring during the period of Assignor's ownership of the Property.

4. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties hereto and their successors, assigns, personal representatives, executors, legal representatives, heirs and legatees.

5. Warranty. Each of the parties signing this Assignment hereby warrants and represents that it has the full legal power, authority and right to execute, deliver and perform the obligations under this Assignment and the assignment contemplated hereby has been duly authorized by all requisite actions on the part of Assignor and Assignee, respectively, and no remaining third party action is required to make this Assignment binding upon each party.

6. Governing Law. This Assignment shall be construed and enforced in accordance with the laws of the State of California.

7. Attorneys' Fees. In the event of the bringing of any action or suit by a party hereto against the other for reason of breach of any of the covenants, conditions, agreements or provisions on the part of the other party arising out of this Assignment, the prevailing party under such action or suit shall be entitled to have and recover from the other party all costs and expenses incurred therein, including reasonable attorneys' fees, disbursements of counsel and expert fees.

8. Counterparts. This Assignment may be executed in any number of counterparts, each of which, when so executed and when delivered, shall be an original, but such counterparts shall together constitute but one and the same instrument.

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

ASSIGNOR:

SAN DIEGO HOSPITAL ASSOCIATION, a
California non-profit public benefit corporation

By: _____
Its: _____

ASSIGNEE:

LEVIN MENZIES KELLY AND ASSOCIATES
LLC, a California limited liability company

By: _____
Its: _____

LEGAL DESCRIPTION OF LAND

[To Be Attached]

Schedule 1 to EXHIBIT "E"

SCHEDULE OF LEASES

[To be provided]

Schedule 2 to EXHIBIT "E"

CERTIFICATE OF NON-FOREIGN STATUS
(U.S. CORPORATE TRANSFEROR)

Section 1445 of the United States Internal Revenue Code of 1986, as amended ("Internal Revenue Code"), provides that a transferee (buyer) of a U.S. real property interest must withhold tax if the transferor (seller) is a foreign person. Section 18662 of the California Revenue and Taxation Code provides that a transferee (buyer) of a California real property interest must withhold tax if the transferor (seller) immediately after the transfer of the California real property has no permanent place of business in California.

To inform the transferee (buyer) that withholding of tax under Section 1445 of the Internal Revenue Code or under Section 18662 the California Revenue and Taxation Code is not required upon disposition of a U.S. real property interest by SAN DIEGO HOSPITAL ASSOCIATION, a California non-profit public benefit corporation ("SDHA") hereby warrants, represents and certifies the following on behalf of SDHA:

1. I am the duly qualified and acting officer or designated representative of SDHA.
2. SDHA is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations), but rather is a corporation formed under the laws of Minnesota.
3. SDHA has a permanent place of business in California in that SDHA is qualified to transact intrastate business by the California Secretary of State's Office.
4. SDHA'S U.S. employer identification number is _____.
5. SDHA'S address is 3131 Berger Avenue, San Diego, CA 92123.
6. SDHA understands that this certification may be disclosed to the Internal Revenue Service and/or the California Franchise Tax Board by the transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalty of perjury, the undersigned declares that the undersigned has examined this certification and to the best of the undersigned's knowledge and belief it is true, correct, and complete.

Date: _____

SELLER:

SAN DIEGO HOSPITAL ASSOCIATION, a
California non-profit public benefit corporation

By: _____

Its: _____

EXHIBIT "F"

Page 2 of 2

EXHIBIT GProperty Documents

The following documents have been provided to Buyer either prior to or upon execution of the Purchase Agreement.

1. Leases. The originals of all tenant files shall be placed in storage boxes and available for Buyer at 8525 Gibbs Drive, Suite #304, San Diego, California. Buyer has been provided copies and/or access to leases and tenant files prior to the date of this Purchase Agreement.
2. Survey. ALTA Survey produced by Rick Engineering dated November 4, 1996 was provided to Buyer prior to the date of this Purchase Agreement.
3. Rent Roll. A rent roll dated May 3, 1999 is attached hereto as **Attachment G-3.**
4. Records and Plans. Attached hereto as **Attachment G-4** is a list of all blueprints in Seller's possession relating to the Property. These shall be available for Buyer at 8525 Gibbs Drive, Suite #304, San Diego, California.
5. Licenses and Permits. Attached hereto as **Attachment G-5** are copies of the original elevator permits for Elevator #081822 for 8525 Gibbs Drive, Elevator #105979 for 8575 Gibbs Drive, and Elevator #106106 for 8665 Gibbs Drive issued by the State of California. The issue date for the elevator at 8525 Gibbs Drive is January 14, 1999; expiration date is November 3, 1999. The expiration date for both 8575 and 8665 Gibbs Drive was October 28, 1998. The Department of Industrial Relations is behind schedule. A letter has been requested from the Department to verify this statement.
6. Service Contracts. Attached hereto as **Attachment G-6** are copies of the service contracts relating to the Property.
7. Operating Statement. Attached hereto as **Attachment G-7** is the Operating Statement (consolidated and for 8525, 8665, and 8575 Gibbs Drive and 8960 Aero Drive) dated May 31, 1999.
8. Operating Information. Buyer has been provided with the Operating Information prior to the date of this Purchase Agreement.
9. Real Property Tax Statement. Attached hereto as **Attachment G-9** are copies from the County of San Diego of the current secured tax bill from July 1, 1998 through June 30, 1999 for Lot #6 (Parcel #760-222-10-00) and Lot #7 (Parcel #760-222-09-00). Also attached is a page for each parcel from the Internet indicating that the tax bills have been paid.
10. Tenant Information and Proceedings. All pertinent files to be delivered to Buyer at Closing.

ATTACHMENT G-3

Rent Roll
May 31, 1999

Combined
8525 Gibbs Drive
8575 Gibbs Drive
8665 Gibbs Drive
8690 Aero Drive

Rent Roll As of 05/31/99

Page 1
7/13/99
02:09 PM

Property	Unit	Code	Name	Sq.Ft.	Rent Potential	Rent Actual	Rent/sq	Deposit	Lease From	Leased To
SAER869	101		VACANT	2,184	1,908.38					
SAER869	102	MARVGO	MARV GOLDEN DISCOU	1,607	1,574.86	1,574.86	0.98	984.30	09/01/98	08/31/03
SAER869	103	ACTIOND	ACTION DATA, INC.	412	247.20	247.20	0.60	247.20	08/01/96	
SAER869	104	HAIRPOR	HAIRPORT AT MONTGO	616	338.80	338.80	0.55	277.20	07/25/98	07/24/01
SAER869	105	PEDROS	PEDRO'S MEXICAN REST	3,768	3,768.00	3,768.00	1.00	3,768.00	05/01/98	10/31/05
SAER869	106		VACANT	667	0.00					
SAER869	107	FINEST	FINEST CITY	667	520.26	520.26	0.78	0.00	12/01/98	08/30/01
SAER869	108		VACANT	950	0.00					
SAER869	112		VACANT	1,042	948.22					
SAER869	114		VACANT	1,383	1,250.00					
SAER869	115	AEROMAI	AERO MAIL	914	840.88	840.88	0.92	1,146.80	09/01/98	08/31/01
SAER869	116	PRINTING	PRINTING, ETC.	909	724.00	724.00	0.80	681.75	04/01/97	08/30/00
SAER869	117		VACANT	893	760.75					
SAER869	118	CHRISTY	CHRISTY'S DONUTS	909	890.82	890.82	0.98	787.60	11/01/93	11/30/03
SAER869	119	MONTGO	MONTGOMERY CLEANE	909	909.00	909.00	1.00	818.10	09/01/95	11/30/00
SAER869	120	B&BDELI	B&B DELI AND CATERIN	2,707	2,882.46	2,882.46	1.06	2,591.84	09/15/86	07/31/99
SAER869	130	CLOWNM	CLOWN MARKET	909	1,051.20	1,051.20	1.16	1,728.00	07/30/92	07/31/02
SGIB8525	100		VACANT	2,365	2,956.25					
SGIB8525	105	PD105	PUBLIC DEFENDER DEP	6,621	7,945.01	7,945.01	1.20	0.00	04/29/97	04/28/02
SGIB8525	110	SGIBBS1	SHARP INTERNATIONAL	2,137	0.00	0.00	0.00	0.00		
SGIB8525	112		VACANT	2,221	0.00					
SGIB8525	115	HCAREM	HEALTHCARE MGMT SO	2,055	0.00	0.00	0.00	0.00		
SGIB8525	120	FAA	FAA REGIONAL HEADQU	7,059	7,864.90	7,864.90	1.11	0.00	05/01/97	09/30/99
SGIB8525	130	FAA2	FEDERAL AVIATION ADM	212	236.20	236.20	1.11	0.00	05/01/99	
SGIB8525	200		VACANT	651	0.00					
SGIB8525	202	APD202	ALTERNATE PUBLIC DEF	2,741	3,289.40	3,289.40	1.20	0.00	04/29/97	04/28/02
SGIB8525	206	SGIBBS3	SHARP NURSE CONNEC	10,009	0.00	0.00	0.00	0.00		
SGIB8525	207	SGIBBS4	SHARP CALL CENTER	5,227	0.00	0.00	0.00	0.00		
SGIB8525	208	APD208	ALTERNATE PUBLIC DEF	1,851	2,221.49	2,221.49	1.20	0.00	04/29/97	04/28/02
SGIB8525	209	SGIBBS5	SHARP LUNCHROOM	2,299	0.00	0.00	0.00	0.00		
SGIB8525	300	PD300	PUBLIC DEFENDER DEP	9,773	11,727.10	11,727.10	1.20	0.00	04/29/97	04/28/02
SGIB8525	302	SGIBBS6	SHARP FOUNDATION	7,332	0.00	0.00	0.00	0.00		
SGIB8525	304	SGIBBS7	SHARP FACILITIES MGM	3,391	0.00	0.00	0.00	0.00		
SGIB8525	306	PD306	PUBLIC DEFENDER DEP	2,283	2,762.43	2,762.43	1.21	0.00	06/14/98	06/14/01
SGIB8575	101	SGIBBS13	SHARP PFS	7,994	0.00	0.00	0.00	0.00		
SGIB8575	101-A	SGIBBS14	SHARP LUNCHROOM	591	0.00	0.00	0.00	0.00		
SGIB8575	103	SGIBBS15	SHARP BUSINESS SERVI	2,178	0.00	0.00	0.00	0.00		
SGIB8575	105		VACANT	1,807	0.00					
SGIB8575	106	SGIBBS16	SHARP BUSINESS SERVI	656	0.00	0.00	0.00	0.00		
SGIB8575	110		VACANT	5,637	0.00					
SGIB8575	112	SGIBBS17	SHARP BUSINESS SERVI	404	0.00	0.00	0.00	0.00		
SGIB8575	114		VACANT	1,867	0.00					
SGIB8575	115	SGIBBS18	SHARP BUSINESS SERVI	415	0.00	0.00	0.00	0.00		
SGIB8575	200	SGIBBS19	SHARP PFS	4,443	0.00	0.00	0.00	0.00		
SGIB8575	202	SGIBBS20	SHARP PFS	4,426	0.00	0.00	0.00	0.00		
SGIB8575	204	SGIBBS21	SHARP PFS	14,142	0.00	0.00	0.00	0.00		
SGIB8665	100		VACANT	7,078	0.00					
SGIB8665	110	SCANDIN	SCANDINAVIAN FLIGHT	3,715	4,086.50	4,086.50	1.10	4,160.80	07/19/95	
SGIB8665	120	SCANDIN	SCANDINAVIAN FLIGHT	1,857	2,042.70	2,042.70	1.10	0.00	05/01/97	
SGIB8665	150	SGIBBS8	SHARP COMMUNITY ME	9,013	0.00	0.00	0.00	0.00		
SGIB8665	200	SGIBBS9	SHARP REES-STEALY M	1,387	0.00	0.00	0.00	0.00		
SGIB8665	201	SGIBBS10	SHARP COMMUNITY ME	5,976	0.00	0.00	0.00	0.00		
SGIB8665	202	SGIBBS11	SHARP CREDENTIALING	1,099	0.00	0.00	0.00	0.00		
SGIB8665	203	SGIBBS12	SHARP REES-STEALY U	4,554	0.00	0.00	0.00	0.00		
SGIB8665	204	PCC	PACIFIC COAST COLLEC	9,101	6,485.37	6,485.37	0.71	11,140.41	04/01/94	05/31/02
	55		Total	177,813	70,232.18	62,408.58	0.35	28,331.80		
	42		Total Occupied	149,288	62,408.58	62,408.58	0.42			
	78.36		% Occupied	83.95	88.86	88.86				
	13		Total Vacant	28,545	7,823.60		0.00			
	23.64		% Vacant	16.05	11.14					

JUL-00-00 14:10

FROM: SDHA ADMINISTRATION

T-788 P.06/28 F-474

Rent Roll
8626 GIBBS DRIVE (SGIB8525)
As of 05/31/99

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7/8/99
05:40 PM

Property	Unit	Code	Name	Sq.Ft.	Rent Potential	Rent Actual	Rent/sq	Deposit	Lease From	Leased To
SGIB8525	100		VACANT	2,385	2,956.25					
SGIB8525	105	PD105	PUBLIC DEFENDER DEP	8,821	7,945.01	7,945.01	1.20	0.00	04/29/97	04/28/02
SGIB8525	110	SGIBBS1	SHARP INTERNATIONAL	2,137	0.00	0.00	0.00	0.00		
SGIB8525	112		VACANT	2,221	0.00					
SGIB8525	115	HCAREM	HEALTHCARE MGMT 80	2,056	0.00	0.00	0.00	0.00		
SGIB8525	120	FAA	FAA REGIONAL HEADQU	7,059	7,864.80	7,864.80	1.11	0.00	05/01/97	09/30/99
SGIB8525	130	FAA2	FEDERAL AVIATION ADM	212	238.20	238.20	1.11	0.00	05/01/99	
SGIB8525	200		VACANT	651	0.00					
SGIB8525	202	APD202	ALTERNATE PUBLIC DEF	2,741	3,289.40	3,289.40	1.20	0.00	04/29/97	04/28/02
SGIB8525	206	SGIBBS3	SHARP NURSE CONNEX	10,009	0.00	0.00	0.00	0.00		
SGIB8525	207	SGIBBS4	SHARP CALL CENTER	5,227	0.00	0.00	0.00	0.00		
SGIB8525	208	APD208	ALTERNATE PUBLIC DEF	1,851	2,221.49	2,221.49	1.20	0.00	04/29/97	04/28/02
SGIB8525	209	SGIBBS5	SHARP LUNCHROOM	2,299	0.00	0.00	0.00	0.00		
SGIB8525	300	PD300	PUBLIC DEFENDER DEP	9,773	11,727.10	11,727.10	1.20	0.00	04/29/97	04/28/02
SGIB8525	302	SGIBBS6	SHARP FOUNDATION	7,332	0.00	0.00	0.00	0.00		
SGIB8525	304	SGIBBS7	SHARP FACILITIES MGM	3,391	0.00	0.00	0.00	0.00		
SGIB8525	306	PD306	PUBLIC DEFENDER DEP	2,283	2,762.43	2,762.43	1.21	0.00	08/14/98	05/14/01
	17		Total	68,227	39,002.78	36,046.53	0.53	0.00		
	14		Total Occupied	62,990	36,046.53	36,046.53	0.57			
	82.35		% Occupied	92.32	92.42	82.42				
	3		Total Vacant	5,237	2,956.25		0.00			
	17.65		% Vacant	7.68	7.58					

8575 GIBBS DRIVE (SGIB8575)
As of 05/31/99

7/8/99
 05:42 PM

Property	Unit	Code	Name	Sq.Ft.	Rent Potential	Rent Actual	Rent/sq	Deposit	Lease From	Leased To
SGIB8575	101	SGIBBS13	SHARP PFS	7,994	0.00	0.00	0.00	0.00		
SGIB8575	101-A	SGIBBS14	SHARP LUNCHROOM	501	0.00	0.00	0.00	0.00		
SGIB8575	103	SGIBBS15	SHARP BUSINESS SERVI	2,178	0.00	0.00	0.00	0.00		
SGIB8575	105		VACANT	1,807	0.00					
SGIB8575	106	SGIBBS18	SHARP BUSINESS SERVI	656	0.00	0.00	0.00	0.00		
SGIB8575	110		VACANT	5,837	0.00					
SGIB8575	112	SGIBBS17	SHARP BUSINESS SERVI	404	0.00	0.00	0.00	0.00		
SGIB8575	114		VACANT	1,867	0.00					
SGIB8575	115	SGIBBS18	SHARP BUSINESS SERVI	415	0.00	0.00	0.00	0.00		
SGIB8575	200	SGIBBS19	SHARP PFS	4,443	0.00	0.00	0.00	0.00		
SGIB8575	202	SGIBBS20	SHARP PFS	4,428	0.00	0.00	0.00	0.00		
SGIB8575	204	SGIBBS21	SHARP PFS	14,142	0.00	0.00	0.00	0.00		
	12		Total	44,360	0.00	0.00	0.00	0.00		
	9		Total Occupied	35,249	0.00	0.00	0.00			
	75.00		% Occupied	79.46						
	3		Total Vacant	9,111	0.00		0.00			
	25.00		% Vacant	20.54						

JUL-08-99 14:20

FROM: SDHA ADMINISTRATION

T-789 P.08/28 F-474

KENT KOH
8665 GIBBS DRIVE (SGIB8665)
As of 05/31/99

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Property	Unit	Code	Name	Sq. Ft.	Rent Potential	Rent Actual	Rent/sq	Deposit	Lease From	Leased To
SGIB8665	100		VACANT	7,078	0.00					
SGIB8665	110	SCANDIN	SCANDINAVIAN FLIGHT	3,715	4,086.50	4,086.50	1.10	4,160.80	07/18/95	
SGIB8665	120	SCANDIN	SCANDINAVIAN FLIGHT	1,857	2,042.70	2,042.70	1.10	0.00	05/01/97	
SGIB8665	150	SGIB838	SHARP COMMUNITY ME	9,013	0.00	0.00	0.00	0.00		
SGIB8665	200	SGIB839	SHARP REES-STEALY M	1,387	0.00	0.00	0.00	0.00		
SGIB8665	201	SGIB8310	SHARP COMMUNITY ME	5,978	0.00	0.00	0.00	0.00		
SGIB8665	202	SGIB8311	SHARP CREDENTIALING	1,099	0.00	0.00	0.00	0.00		
SGIB8665	203	SGIB8312	SHARP REES-STEALY U	4,554	0.00	0.00	0.00	0.00		
SGIB8665	204	PCC	PACIFIC COAST COLLEC	9,101	6,485.37	6,485.37	0.71	11,140.41	04/01/94	05/31/02
	9		Total	49,780	12,614.57	12,614.57	0.29	15,301.21		
	8		Total Occupied	36,702	12,614.57	12,614.57	0.34			
	88.89		% Occupied	85.83	100.00	100.00				
	1		Total Vacant	7,078	0.00		0.00			
	11.11		% Vacant	15.17	0.00					

T-768 P.08/28 F-474

ROLL ROLL
8890 AERO DRIVE (SAER8890)
As of 05/31/99

7/8/99
05:32 PM

Property	Unit	Code	Name	Sq.Ft.	Rent Potential	Rent Actual	Rent/sq	Deposit	Lease From	Leased To
SAER889	101		VACANT	2,184	1,908.38					
SAER889	102	MARVGO	MARY GOLDEN DISCOU	1,607	1,574.86					
SAER889	103	ACTIOND	ACTION DATA, INC.	412	247.20	1,574.86	0.98	884.30	08/01/98	08/31/03
SAER889	104	HAIRPOR	HAIRPORT AT MONTGO	616	338.80	247.20	0.80	247.20	08/01/96	
SAER889	105	PEDROS	PEDRO'S MEXICAN REST	3,768	3,768.00	338.80	0.55	277.20	07/25/98	07/24/01
SAER889	106		VACANT	687	0.00	3,768.00	1.00	3,768.00	05/01/98	10/31/05
SAER889	107	FINEST	FINEST CITY	667	520.26					
SAER889	108		VACANT	950	0.00	520.26	0.78	0.00	12/01/98	08/30/01
SAER889	112		VACANT	1,042	948.22					
SAER889	114		VACANT	1,383	1,250.00					
SAER889	115	AEROMAI	AERO MAIL	814	840.88					
SAER889	116	PRINTING	PRINTING, ETC.	809	724.00	840.88	0.92	1,146.60	09/01/98	08/31/01
SAER889	117		VACANT	893	760.75	724.00	0.80	681.75	04/01/97	06/30/00
SAER889	118	CHRISTY	CHRISTY'S DONUTS	809	890.82					
SAER889	119		VACANT	909	809.00	890.82	0.98	787.60	11/01/93	11/30/03
SAER889	120	B&BDELI	B&B DELI AND CATERIN	2,707	2,882.46					
SAER889	130	CLOWNM	CLOWN MARKET	809	1,051.20	2,882.46	1.08	2,591.84	08/15/98	07/31/99
	17		Total	21,448	18,614.83	1,051.20	1.16	1,728.00	07/30/92	07/31/02
	10		Total Occupied	13,418	12,838.48			12,212.49		
	58.82		% Occupied	62.57	68.97		0.96			
	7		Total Vacant	8,028	5,776.35					
	41.18		% Vacant	37.43	31.03		0.00			

SENT BY: CROSBY, HEAFEY ; 7-12-99 ; 9:54AM ; CROSBY, HEAFEY 21stFL-
JUL-09-99 14:21 FROM: SDHA ADMINISTRATION +

510 937 4111;# 9/27
T-789 P.10/28 F-474

ATTACHMENT G-4

Records and Plans

**MONTGOMERY FIELD BUSINESS PARK
BLUEPRINT INVENTORY LIST
DECEMBER 1998**

PLAN NO	ARCHITECT	FACILITY DESCRIPTION	DATE
J1	Rick Engineering	ALTA/ACSM Land Title Survey	12/09/93
J2	Rick Engineering	ALTA/ACSM Land Title	11/04/96
J3	Brian Paul	8665 Gibbs Drive Shell CDs	04/13/79
J4	Brian Paul	8575 Gibbs Drive Shell CDs	12/79
J5	Brian Paul	8525 Gibbs Drive Office Building & Parking	08/22/85
J6	Brian Paul	8690 Aero Drive	03/08/79
J7	Brian Paul	8525 Gibbs Drive Parking Structure	08/01/84
J8	LPA	8665 Gibbs Drive ADA Revisions Bid Set	09/24/92
J9	LPA	8575 Gibbs Drive ADA Revisions Bid Set	10/19/92
J10	KMA	Elevations Studies	11/23/93
J11	Unknown	8525 Gibbs Drive Background Drawings	No Date
J12	Piscone	New Elevators 8575 & 8665 Gibbs Drive - Permit Set	01/14/94
J13	Kawasaki & Theilacker	Site Utility and Landscape Plans (K&T)	12/79
J14	Comfort Aire	8575 & 8665 Gibbs Drive - Mechanical Plumbing	04/29/94
J15	BKM	8525 Gibbs Drive - Call-in Center CDs	12/12/94
J16	BKM	8525 Gibbs Drive - Call-in Center Permit Plans	12/12/94
J17	BKM	8525 Gibbs Drive - Marketing & Sales International Services	06/16/94
J18	BKM	8525 Gibbs Drive - Corporate Communication & Planning & Consumer Research	10/18/94
J19	Design Plan	8525 Gibbs Drive, Suite 204 & 206 Q106 Radio Station	11/05/92
J20	Schumacher Building	8525 Gibbs Drive, Suite 300 - Man Tech Mathematics Corp	06/25/86
J21	BKM	8525 Gibbs Drive - Focus/Lunch/viewing/2nd Floor Permit Set	06/22/95
J22	Environ	8525 Gibbs Drive - Public Insurance - HVAC Plans 1st Floor	05/04/88
J23	Holly	8525 Gibbs Drive - Charles Harris	07/21/87
J24	Holly	8525 Gibbs Drive - Farmers Insurance	05/28/88
J25	Holly	8525 Gibbs Drive - Rallys Drive Thru Restaurant Office	06/10/80
J26	Holly	8525 Gibbs Drive - KLZZ Radio	03/30/87
J27	Interior Planning Concepts	8525 Gibbs Drive, Suite 105 - Public Defenders Schematic	09/21/90
J28	BKM	8575 Gibbs Drive - Business Services Group Suite 112/114/200,201,204	04/21/94
J29	BKM	8575 Gibbs Drive - Business Services Permit Set	04/21/94
J30	Interspec	8575 Gibbs Drive, Suite 101 - Patient Financial Services Permit Set	10/18/95

**MONTGOMERY FIELD BUSINESS PARK
BLUEPRINT INVENTORY LIST
DECEMBER 1998**

[illegible]

ATTACHMENT G-5

Licenses and Permits

Elevator Permit at 8525 Gibbs Drive
Elevator Permit at 8575 Gibbs Drive
Elevator Permit at 8665 Gibbs Drive

JUL-09-99 14:22

FROM: SDHA ADMINISTRATION

T-789

P.14/28

F-474



RECEIVED JAN 19 1999

DEPARTMENT OF INDUSTRIAL RELATIONS
STATE OF CALIFORNIA

DIVISION OF OCCUPATIONAL SAFETY AND HEALTH

PERMIT TO OPERATE AN ELEVATOR

ELEVATOR NUMBER: 081822

INSPECTION DATE: 11/03/1998

ISSUE DATE: 01/14/1999

PERMIT EXPIRES: 11/03/1999

LOCATION: 8525 GIBBS DR
SAN DIEGO, CA 92123

OWNERS ID: PASS

California law requires that all elevators must have a valid permit visibly posted in the car.
(Labor Code Sections 7300-7319). Please detach your new permit at the dotted line and post
in elevator car. Retain this portion for your records.

STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF OCCUPATIONAL SAFETY & HEALTH

INSPECTION: 081822 11/03/1998 11/03/1999
Elevator Number Date of Inspection Date Permit Expires

LOCATION: 8525 GIBBS DR SAN DIEGO
Street Address City or Town

LOAD PERMISSIBLE: 002500 H7424
Pounds Inspector

DESCRIPTION: PASSENGER HYDROELECTRIC HYDROELECTRIC
Type of Elevator Power Type of Machine

LV02

THIS PERMIT MUST BE POSTED IN ELEVATOR CAR

RECEIVED JAN 08 1999



DEPARTMENT OF INDUSTRIAL RELATIONS
STATE OF CALIFORNIA

DIVISION OF OCCUPATIONAL SAFETY AND HEALTH
PERMIT TO OPERATE AN ELEVATOR

ELEVATOR NUMBER: 105979
INSPECTION DATE: 10/28/97
ISSUE DATE: 01/05/98
PERMIT EXPIRES: 10/28/98
LOCATION: 8575 GIBBS DR
SAN DIEGO, 92123
OWNERS ID: PASS

California law requires that all elevators must have a valid permit visibly posted in the car.
(Labor Code Sections 7300-7319). Please detach your new permit at the dotted line and post
in elevator car. Retain this portion for your records.

STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF OCCUPATIONAL SAFETY & HEALTH

INSPECTION: 105979 10/28/97 10/28/98
Elevator Number Date of Inspection Date Permit Expires
LOCATION: 8575 GIBBS DR
Street Address SAN DIEGO
City or Town
LOAD PERMISSIBLE: 002500
Pounds C-4757
Inspector
DESCRIPTION: PASSENGER
Type of Elevator HYDROELECTRIC
Power HYDROELECTRIC
Type of Machine

EV02

THIS PERMIT MUST BE POSTED IN ELEVATOR CAR



DEPARTMENT OF INDUSTRIAL RELATIONS
STATE OF CALIFORNIA

DIVISION OF OCCUPATIONAL SAFETY AND HEALTH

PERMIT TO OPERATE AN ELEVATOR

ELEVATOR NUMBER: 106106
INSPECTION DATE: 10/28/97
ISSUE DATE: 01/05/98
PERMIT EXPIRES: 10/28/98
LOCATION: 8665 GIBBS DR
SAN DIEGO, 92123
OWNERS ID: PASS

California law requires that all elevators must have a valid permit visibly posted in the car.
(Labor Code Sections 7300-7319). Please detach your new permit at the dotted line and post
in elevator car. Retain this portion for your records.

STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF OCCUPATIONAL SAFETY & HEALTH

INSPECTION:	106106	10/28/97	10/28/98
	Elevator Number	Date of Inspection	Date Permit Expires
LOCATION:	8665 GIBBS DR		SAN DIEGO
	Street Address		City or Town
LOAD PERMISSIBLE:	002500		C4757
	Pounds		Inspector
DESCRIPTION:	PASSENGER	HYDROELECTRIC	HYDROELECTRIC
	Type of Elevator	Power	Type of Machine

EV02

THIS PERMIT MUST BE POSTED IN ELEVATOR CAR

ATTACHMENT G-6

Service Contracts

Amtech Elevator Services, Inc.
Bergensons Property Services, Inc.
Brookwood Landscape, Inc.
Construction Electronics, Inc.
Ecolab Pest Elimination Division, Inc.
Firemaster-San Diego District
KC Enterprises
Montgomery KONE, Inc.
Pacific Plant Care
Pacific Waste Services, Inc.
Pinkerton Security Inc.
Thermodynamics Heating & Air Conditioning Inc.
Trident Technologies Inc.

JUL-08-99 14:24

FROM-SDHA ADMINISTRATION

+

T-789 P.18/28 F-474

ATTACHMENT G-7

Operating Statement May 31, 1999

Combined
8525 Gibbs Drive
8575 Gibbs Drive
8665 Gibbs Drive
8690 Aero Drive

JUL-08-99 14:24

FROM: SDHA ADMINISTRATION

T-789 P.18/28 F-474

Income Statement (Cash) Consolidated Statement May 99

 Page 1
6/24/99
11:04 A

INCOME	Month to Date	%	Year to Date	%
RENT INCOME				
Rent	68,695.38	0	502,209.06	0
NET RENT INCOME	68,695.38	0	502,209.06	0
EXPENSE REIMBURSEMENT				
Estimated CAM Charges	4,137.50	0	32,883.72	0
Reconciled CAM charges	0.00	0	-22,298.68	0
TOTAL REIMBURSEMENT	4,137.50	0	10,385.04	0
OTHER INCOME				
Miscellaneous Income	42.80	0	321.88	0
TOTAL OTHER INCOME	42.80	0	321.88	0
TOTAL INCOME	72,875.68	0	512,915.88	0
EXPENSES				
DIRECT EXPENSES				
Maintenance-Unrecoverable	105.00	0	105.00	0
Repair & Maintenance	2,110.00	0	4,733.39	0
General Maintenance	0.00	0	3,391.00	0
Electric & Light Supplies	1,320.53	0	5,397.37	0
Plumbing Repairs	570.00	0	6,849.72	0
Janitorial	7,796.83	0	58,938.73	0
Janitorial - Day Porter	1,198.73	0	8,006.73	0
Cleaning Supplies	2,951.40	0	18,799.10	0
Sweep/Steam Cleaning	0.00	0	410.00	0
Contract - Pest	272.00	0	884.00	0
Locks and Keys	0.00	0	3,585.04	0
Doors/Gate Repair	1,052.03	0	2,283.37	0
Contract - HVAC	1,501.40	0	8,763.06	0
HVAC Time & Material	829.41	0	9,989.62	0
Contract - Elevator	340.93	0	2,727.44	0
Elevator Repairs	0.00	0	110.10	0
Contract - Window Wash	0.00	0	1,278.00	0
Contract - Landscape	2,375.00	0	19,070.65	0
Landscape Supplies	268.80	0	2,774.89	0
Interior Plants	95.00	0	760.00	0
Contract - C Tower	237.05	0	1,898.40	0
Management	700.76	0	5,608.08	0
Security Service	1,260.86	0	10,027.72	0
Telephone	151.09	0	874.91	0
Property Tax	0.00	0	61,671.82	0
Land Lease	8,305.05	0	68,440.40	0
Utilities - Electric	20,781.28	0	120,413.78	0
Utilities - Gas	816.13	0	8,943.70	0
Utilities - Water/Sewer	0.00	0	17,470.49	0
Trash Disposal	3,078.00	0	13,851.00	0
TOTAL DIRECT EXPENSES	58,147.38	0	482,821.67	0
GENERAL & ADMINISTRATIVE				
Taxes & Licenses	0.00	0	266.00	0
TOTAL G & A EXPENSE	0.00	0	266.00	0
TOTAL EXPENSES	58,147.38	0	483,087.67	0
NET INCOME	14,728.30	0	49,828.31	0

Income Statement (Cash)
8525 GIBBS DRIVE - (SGIB8525)
May 99

Page 1
6/24/99
11:08 AM

Prepared For:
SHARP HEALTHCARE
8525 GIBBS DRIVE
SUITE 304
SAN DIEGO, CA 92123

Prepared By:

	Month to Date	%	Year to Date	%
INCOME				
RENT INCOME				
Rent				
NET RENT INCOME	36,380.72	0	284,827.71	0
	36,380.72	0	284,827.71	0
TOTAL INCOME	36,380.72	0	284,827.71	0
EXPENSES				
DIRECT EXPENSES				
Maintenance-Unrecoverable	105.00	0	105.00	0
Repair & Maintenance	700.00	0	2,196.92	0
General Maintenance	0.00	0	2,148.09	0
Electric & Light Supplies	615.88	0	2,531.92	0
Plumbing Repairs	210.00	0	2,917.54	0
Janitorial	3,590.63	0	25,987.14	0
Janitorial - Day Porter	408.10	0	2,210.71	0
Cleaning Supplies	1,106.74	0	7,424.59	0
Sweep/Steam Cleaning	0.00	0	102.50	0
Contract - Pest	102.00	0	102.00	0
Locks and Keys	0.00	0	1,015.74	0
Doors/Gate Repair	882.32	0	2,083.66	0
Contract - HVAC	672.14	0	2,722.28	0
HVAC Time & Material	0.00	0	3,616.21	0
Contract - Elevator	108.00	0	884.00	0
Contract - Window Wash	0.00	0	390.00	0
Contract - Landscape	890.64	0	6,842.16	0
Landscape Supplies	100.82	0	947.87	0
Interior Plants	31.87	0	253.36	0
Contract - C Tower	237.06	0	970.78	0
Security Service	469.44	0	3,473.28	0
Telephone	108.25	0	596.23	0
Property Tax	0.00	0	18,446.55	0
Land Lease	1,933.03	0	15,484.40	0
Utilities - Electric	5,204.58	0	52,538.44	0
Utilities - Gas	330.21	0	1,113.77	0
Utilities - Water/Sewer	0.00	0	4,256.91	0
Trash Disposal	488.00	0	1,952.00	0
TOTAL DIRECT EXPENSES	18,294.52	0	163,282.81	0
GENERAL & ADMINISTRATIVE				
Taxes & Licenses	0.00	0	188.00	0
TOTAL G & A EXPENSE	0.00	0	188.00	0
TOTAL EXPENSES	18,294.52	0	163,470.81	0
NET INCOME	18,086.20	0	121,356.90	0

Income Statement (Cash)
8575 GIBBS DRIVE - (8575)
May 99

Page 1
6/24/99
11:08 A

Prepared For:
SHARP HEALTHCARE
8525 GIBBS DRIVE
SUITE 304
SAN DIEGO, CA 92123

Prepared By:

	Month to Date	%	Year to Date	%
INCOME				
EXPENSES				
DIRECT EXPENSES				
Repair & Maintenance	250.00	0	373.43	0
General Maintenance	0.00	0	95.00	0
Electric & Light Supplies	53.53	0	1,338.30	0
Plumbing Repairs	50.00	0	330.00	0
Janitorial	1,934.00	0	14,417.00	0
Janitorial - Day Porter	316.25	0	1,518.00	0
Cleaning Supplies	737.87	0	4,949.82	0
Sweep/Steam Cleaning	0.00	0	102.60	0
Contract - Pest	68.00	0	68.00	0
Locks and Keys	0.00	0	1,173.97	0
Contract - HVAC	703.78	0	2,293.78	0
HVAC Time & Material	829.41	0	3,407.60	0
Contract - Elevator	116.47	0	831.75	0
Contract - Window Wash	0.00	0	390.00	0
Contract - Landscape	693.74	0	4,759.30	0
Landscape Supplies	67.20	0	693.71	0
Interior Plants	31.67	0	253.34	0
Contract - C Tower	0.00	0	462.82	0
Security Service	273.84	0	2,190.72	0
Telephone	21.52	0	67.40	0
Property Tax	0.00	0	18,446.55	0
Land Lease	1,933.05	0	15,484.40	0
Utilities - Electric	318.52	0	29,721.18	0
Utilities - Gas	182.76	0	3,280.17	0
Utilities - Water/Sewer	0.00	0	3,287.08	0
Trash Disposal	568.00	0	3,691.60	0
TOTAL DIRECT EXPENSES	9,049.59	0	113,687.28	0
GENERAL & ADMINISTRATIVE				
TOTAL EXPENSES	9,049.59	0	113,687.28	0
NET INCOME	-9,049.59	0	-113,687.28	0

Income Statement (Cash)
8665 GIBBS DRIVE - (SGIB8665)
May 99Page 1
6/24/99
11:09 APrepared For:
SHARP HEALTHCARE
8625 GIBBS DRIVE
SUITE 304
SAN DIEGO, CA 92123

Prepared By:

INCOME	Month to Date	%	Year to Date	%
RENT INCOME				
Rent	18,744.87	0	99,401.93	0
NET RENT INCOME	18,744.87	0	99,401.93	0
TOTAL INCOME	18,744.87	0	99,401.93	0
EXPENSES				
DIRECT EXPENSES				
Repair & Maintenance	555.00	0	1,348.04	0
General Maintenance	0.00	0	999.12	0
Electric & Light Supplies	412.55	0	909.70	0
Plumbing Repairs	75.00	0	2,121.84	0
Janitorial	2,109.70	0	17,029.58	0
Janitorial - Day Porter	316.26	0	1,518.00	0
Cleaning Supplies	737.87	0	4,949.92	0
Sweep/Steam Cleaning	0.00	0	102.50	0
Contract - Pest	88.00	0	880.00	0
Locks and Keys	0.00	0	1,375.33	0
Doors/Gate Repair	169.71	0	169.71	0
Contract - HVAC	0.00	0	2,853.54	0
HVAC Time & Material	0.00	0	2,855.36	0
Contract - Elevator	118.48	0	931.69	0
Elevator Repairs	0.00	0	119.10	0
Contract - Window Wash	0.00	0	390.00	0
Contract - Landscaping	593.74	0	4,782.84	0
Landscape Supplies	67.20	0	693.69	0
Interior Plants	31.66	0	253.30	0
Contract - C Tower	0.00	0	462.80	0
Management	700.78	0	5,806.08	0
Security Service	273.84	0	2,190.72	0
Telephone	21.32	0	251.70	0
Property Tax	0.00	0	12,389.41	0
Land Lease	2,219.47	0	17,755.76	0
Utilities - Electric	4,665.98	0	26,518.62	0
Utilities - Gas	303.16	0	2,549.76	0
Utilities - Water/Sewer	0.00	0	4,184.99	0
Trash Disposal	817.00	0	3,318.00	0
TOTAL DIRECT EXPENSES	14,264.67	0	118,120.99	0
GENERAL & ADMINISTRATIVE				
TOTAL EXPENSES	14,264.67	0	118,120.99	0
NET INCOME	4,480.20	0	-18,719.06	0

Income Statement (Cash)
8690 AERO DRIVE - (SAER8890)
May 99

Page 1
6/24/99
11:00 AM

Prepared For:
SHARP HEALTHCARE
8525 GIBBS DRIVE
SUITE 304
SAN DIEGO, CA 92123

Prepared By:

INCOME	Month to Date	%	Year to Date	%
RENT INCOME				
Rent				
NET RENT INCOME	13,569.79	0	117,979.42	0
	13,569.79	0	117,979.42	0
EXPENSE REIMBURSEMENT				
Estimated CAM Charges	4,137.50	0	32,883.72	0
Reconciled CAM charges	0.00	0	-22,298.88	0
TOTAL REIMBURSEMENT	4,137.50	0	10,385.04	0
OTHER INCOME				
Miscellaneous Income	42.80	0	321.88	0
TOTAL OTHER INCOME	42.80	0	321.88	0
TOTAL INCOME	17,750.09	0	128,686.34	0
EXPENSES				
DIRECT EXPENSES				
Repair & Maintenance	605.00	0	815.00	0
General Maintenance	0.00	0	148.85	0
Electric & Light Supplies	238.57	0	817.45	0
Plumbing Repairs	235.00	0	1,280.24	0
Janitorial	162.50	0	1,505.01	0
Janitorial - Day Porter	158.13	0	759.02	0
Cleaning Supplies	368.92	0	2,474.77	0
Sweep/Stream Cleaning	0.00	0	102.50	0
Contract - Pest	34.00	0	34.00	0
Contract - HVAC	125.50	0	883.50	0
HVAC Time & Material	0.00	0	310.48	0
Contract - Window Wash	0.00	0	108.00	0
Contract - Landscape	296.88	0	2,678.85	0
Landscape Supplies	33.58	0	438.82	0
Security Service	273.84	0	2,173.02	0
Telephone	0.00	0	-39.42	0
Property Tax	0.00	0	12,389.41	0
Land Lease	2,216.48	0	17,755.84	0
Utilities - Electric	10,592.20	0	12,635.66	0
Utilities - Water/Sewer	0.00	0	5,781.51	0
Trash Disposal	1,205.00	0	4,889.50	0
TOTAL DIRECT EXPENSES	16,548.60	0	67,730.59	0
GENERAL & ADMINISTRATIVE				
Taxes & Licenses	0.00	0	78.00	0
TOTAL G & A EXPENSE	0.00	0	78.00	0
TOTAL EXPENSES	16,548.60	0	67,808.59	0
NET INCOME	1,201.49	0	60,877.75	0

ATTACHMENT G-9

Real Property Tax Statement
July 1, 1998 to June 30, 1999

Lot #6 (Parcel #760-222-10-00)
Lot #7 (Parcel #760-222-02-00)

PROPERTY ADDRESS
08690 AERO DR
SECTION 10 OF PROPERTY

ADDITIONAL NAME
PUBLIC LAND
AP NO
PUBLIC LAND

POSSESSORY INTEREST

7602221000
SAN DIEGO HOSPITAL ASSOCIATION
3554 RUFFIN RD
SAN DIEGO CA 92123

DOCUMENT NO
853403

DOCUMENT RECEIVING DATE
12/17/93

OWNER'S NAME OF RECORD PROPERTY
SAN DIEGO HOSPITAL ASSOCIATION

DESCRIPTION	VALUES AND EXEMPTIONS
LAND	585455
IMPROVEMENTS	1638314
TOTAL 1 & 2	2223769
PROPERTY TAX	
EXEMPTIONS	
NET TAXABLE VALUE	2223769

CURRENT SECURED TAX BILL

1 MAKE CHECK PAYABLE TO PAUL BOLAND, TAX COLLECTOR

1998 TO PAY 1st INSTALLMENT

2 SEND THIS STUB WITH YOUR PAYMENT

1238.94 A

13628.35 B

26017.76 C

THIS INSTALLMENT AMOUNT

DUE NOV. 1, 1998 and DELINQUENT AFTER DEC. 10, 1998

SAN DIEGO HOSPITAL ASSOCIATION
3554 RUFFIN RD
SAN DIEGO CA 92123

1998
SECURED PROPERTY TAX BILL
COUNTY OF SAN DIEGO STATE OF CALIFORNIA
FISCAL YEAR JULY 1, 1998 TO JUNE 30, 1999
PAUL BOLAND, COUNTY TAX COLLECTOR
SAN DIEGO, CALIFORNIA 92101
TEL (619) 596-2424 FAX (619) 531-6015
D78647 034085 02617
5/7

PARCEL NUMBER	TAX MAP AREA
760-222-10-00	08001

YOUR TAX DISTRIBUTION			
AGENCY	RATE	DATE	TAX AMOUNT
1st TAX ON NET VALUE	1.00000		22237.6
VOTER APPROVED BONDS:			
SAN DIEGO CITY	NET 0.00789		175.4
UNIFIED SCHOOL	NET 0.09575		2129.4
OTHER EDUC PURPOSES	NET 0.00001		
METRO WATER DISTRICT	NET 0.00890		197.4
COUNTY WATER AUTHORITY	NET 0.00107		23.4
TOTAL ON NET VALUE	1.11362		24764.6
FIXED CHARGE ASSESSMENTS:			
CO MOSQUITO/RAT CTRL	PHONE # 619-694-3555		3.0
MWD WATER STANDBY CHRG	800-528-2710		11.0
TOTAL AMOUNT			24778.6

003-204300-10000

Robinson

1st INSTALLMENT (1% PENALTY AFTER DEC. 10, 1998)	2nd INSTALLMENT (1% PENALTY + \$10 COST AFTER APR. 10, 1999)	TOTAL TAX PENALTIES APPLY WHEN SHOWN
12389.41	12389.41	24778.8

CURRENT SECURED TAX BILL

2 MAKE CHECK PAYABLE TO PAUL BOLAND, TAX COLLECTOR

1998 TO PAY 2nd INSTALLMENT

3 SEND THIS STUB WITH YOUR PAYMENT

1248.94 D

13638.35 E

27266.70 F

THIS INSTALLMENT AMOUNT

DUE FEB. 1, 1999 and DELINQUENT AFTER APR. 10, 1999

SAN DIEGO HOSPITAL ASSOCIATION
3554 RUFFIN RD
SAN DIEGO CA 92123

ENTER MAIL
ADDRESS CHANGE

ENTER MAIL
ADDRESS CHANGE

SENT BY: CROSBY, HEAFEY
JUL-08-98 14:26 FROM: SDHA ADMINISTRATION

7-12-99 9:58AM CROSBY, HEAFEY 21stFL-

T-788 P.25/28 F-474

510 937 4111; #24/27

Property Tax Information (tax_status_hrs 06/3...

T-799 P.26/28 F-474

Page 1 of 1



*Treasurer
Tax
Collector*

Bart Hartman
County Treasurer-Tax Collector
1600 Pacific Highway, Room 162
San Diego, CA 92101
Voice: (619) 238-2424
Fax: (619) 531-6036
Email: Taxman

PARCEL NUMBER entered: 760-222-10-00

San Diego County Treasurer-Tax Collectors Property Record
Tax Year July 1, 1998 - June 30, 1999 as of June 30, 1999
Parcel Number: 760-222-10-00 Tax Rate Area: 08001
Owner Name: SAN DIEGO HOSPITAL ASSOCIATION
Mailing and Situs Address Cannot Be Shown In Compliance To Government Code Section 6254.21
V A L U E S and T A X E S
Land Values: 585,455 Base 1% Tax: 24,764.32
Improvement Values: 1,638,314 Voter Approved Debt: 0.00
Personal Property: 0 Fixed Charges: 14.50
Home Owner Exemption: 0 Total Tax: \$ 24,778.82
Any Other Exemption: 0 Penalty 1: 0.00
Net Value: 2,223,769 Penalty 2: 0.00
Rate: 1.11362 Delinquent Cost: 0.00
Total Amount Due: \$ 24,778.82
P A Y M E N T I N F O R M A T I O N
1st Installment: \$ 12,389.41
Status: PAID ON 11/30
2nd Installment: \$ 12,389.41
Status: PAID ON 03/31
For Questions about BASE TAX, VOTER APPROVED DEBT or FIXED CHARGES call (619) 531-5399

Thank You. This Bill Is Paid

Enter Another Parcel Number:

Submit

Front Page | Email: TaxMan | Staff

Public Access to Tax Info System

08525-75GIBBS DR

CITY 768982

(79) IN LOT 7 IN MONTGOMERY FIELD

PUBLIC LAND

PUBLIC LAND

POSSESSORY INTEREST

1998
 SECURED PROPERTY TAX BILL
 COUNTY OF SAN DIEGO STATE OF CALIFORNIA
 FISCAL YEAR JULY 1, 1998 TO JUNE 30, 1999
 PAUL BYLAND, COUNTY TAX COLLECTOR
 1400 PACIFIC HIGHWAY, SUITE 100
 SAN DIEGO, CA 92161-2674
 TEL (619) 736-7404 FAX (619) 581-6046
 078647 037085-02616
 4/7

YOUR TAX DISTRIBUTION			
AGENCY	BASE	RATE	TAX AMOUNT
1% TAX ON NET VALUE		1.00000	33099
VOTER APPROVED BONDS:			
SAN DIEGO CITY	NET	0.00789	261
UNIFIED SCHOOL	NET	0.09575	3169
OTHER EDUC PURPOSES	NET	0.00001	
METRO WATER DISTRICT	NET	0.00890	294
COUNTY WTR AUTHORITY	NET	0.00107	35
TOTAL ON NET VALUE		1.11362	36859
FIXED CHARGE ASSESSMENTS:			
CO MOSQUITO/RAT CTRL	PHONE #	619-694-3555	3
MWD WTR STANDBY CHRG	800-528-2710		30
TOTAL AMOUNT			36893

003-204300-10000

Phuman

XXXXXXXXXXXXXXXXXXXXXXXXXXXX
 7602220900
 SAN DIEGO HOSPITAL ASSOCIATION
 3554 RUFFIN RD
 SAN DIEGO CA 92123

PROPERTY MAP	LOT
760-222-09-00	08003

853403

12/17/99

SAN DIEGO HOSPITAL ASSOCIATION

DESCRIPTION	VALUES AND EXEMPTIONS
PAID	532232
PROPERTY TAXES	2777690
TOTAL TAX	3309922
EXEMPTIONS	
1% BONDING	
HOMEOWNERS	
OTHER	
NET TAXABLE VALUE	3309922

TAX	1st INSTALLMENT 10% PENALTY AFTER DEC. 10, 1998	2nd INSTALLMENT 10% PENALTY + SW DCSI AFTER APR. 10, 1999	TOTAL TAX PENALTIES APPL WHICH SHOWN
10% PENALTY	18446.55	18446.55	36893.10
TOTAL			

CURRENT SECURED TAX BILL

1 MAKE CHECK PAYABLE TO PAUL BYLAND, TAX COLLECTOR
 1998 TO PAY 1st INSTALLMENT
 SEND THIS STUB WITH YOUR PAYMENT
 1844.65 A
 20291.20 B
 38737.75 C
 DUE NOV. 1, 1998 and DELINQUENT AFTER DEC. 10, 1998
 SAN DIEGO HOSPITAL ASSOCIATION
 3554 RUFFIN RD
 SAN DIEGO CA 92123

CURRENT SECURED TAX BILL

2 MAKE CHECK PAYABLE TO PAUL BYLAND, TAX COLLECTOR
 1998 TO PAY 2nd INSTALLMENT
 SEND THIS STUB WITH YOUR PAYMENT
 1854.65 D
 20301.20 E
 40592.40 F
 DUE FEB 1, 1999 and DELINQUENT AFTER APR. 10, 1999
 SAN DIEGO HOSPITAL ASSOCIATION
 3554 RUFFIN RD
 SAN DIEGO CA 92123

UNIFORM
 BUSINESS CHECK

ENTER MAIL
 BUSINESS CHECK

SENT BY: CROSBY, HEAFEY
 7-12-99 : 9:59AM : CROSBY, HEAFEY 21stFL-
 FROM: SDHA ADMINISTRATION
 510 937 4111; #26/27

Property Tax Information (tax_status_his 06/3...

T-788 P.28/28 F-474

Page 1 of 1



*Treasurer
Tax
Collector*

Bart Hartman
County Treasurer-Tax Collector
1600 Pacific Highway, Room 182
San Diego, CA 92101
Voice: (619) 236-2424
Fax: (619) 531-8058
Email: Taxman

PARCEL NUMBER entered: 760-222-09-00

San Diego County Treasurer-Tax Collectors Property Record
Tax Year July 1, 1998 - June 30, 1999 as of June 30, 1999

Parcel Number: 760-222-09-00 Tax Rate Area: 08001

Owner Name: SAN DIEGO HOSPITAL ASSOCIATION

Mailing and Situs Address Cannot Be Shown In Compliance To Government Code Section 6254.21
V A L U E S and T A X E S

Land Values:	532,232	Base 1% Tax:	36,859.94
Improvement Values:	2,777,690	Voter Approved Debt:	0.00
Personal Property:		0 Fixed Charges:	33.16
Home Owner Exemption:		0 Total Tax:	\$ 36,893.10
Any Other Exemption:		0 Penalty 1:	0.00
Net Value:	3,309,922	Penalty 2:	0.00
		Delinquent Cost:	0.00
Rate:	1.11362	Total Amount Due:	\$ 36,893.10

P A Y M E N T I N F O R M A T I O N

1st Installment:	\$ 18,446.55
Status:	PAID ON 11/30
2nd Installment:	\$ 18,446.55
Status:	PAID ON 03/31

For Questions about BASE TAX, VOTER APPROVED DEBT or FIXED CHARGES call (619) 931-5399

Thank You. This Bill Is Paid

Enter Another Parcel Number:

Front Page | Email: TaxMan | [Staff](#)

Public Access to Tax Info System

TENANT ESTOPPEL CERTIFICATE

To: PINOVA REALTY CAPITAL INC., a Delaware corporation, its successors and assigns (collectively "**Lender**"), and to LEVIN MENZIES KELLY & ASSOCIATES, a California limited partnership, its successors and assigns (collectively, "**Buyer**")

The undersigned hereby certifies and agrees as follows:

1. The undersigned is the tenant (the "**Tenant**") under that certain Lease (the "**Lease**") by and between Tenant and _____ (such party, together with its successors and assigns hereinafter collectively referred to as the "**Landlord**") dated _____, 19__ affecting space in the building known as _____, located at _____ (the "**Building**"). A true and complete copy of the Lease (including all amendments, addenda and modifications) is attached to this Certificate.
2. The Lease commenced on _____.
3. The Lease expires on _____. Tenant has no option or other right to extend the term of the Lease beyond _____.
4. Tenant has accepted and is occupying the entire premises demised to it under the Lease (the "**Premises**") and all improvements to the Premises required by the Lease have been completed by Landlord in accordance with the Lease.
5. Tenant has not paid rent or additional rent beyond the current month and agrees not to pay rent or additional rent more than one month in advance at any time.
6. Rent payable in the amount of \$ _____ per month has been paid through _____.
7. To Tenant's knowledge, there are no defenses to or offsets against the enforcement of the Lease or any provision thereof by Landlord.
8. Tenant has deposited \$ _____ as a security deposit with Landlord pursuant to the terms of the Lease.
9. Landlord has not agreed to grant Tenant any free rent or rent rebate or to make any contribution to tenant improvements. Landlord has not agreed to reimburse Tenant for or to pay Tenant's rent obligation under any other lease.

10. Tenant has not advanced any funds for or on behalf of Landlord for which Tenant has a right to deduct from or offset against future rent payments.
11. The Lease is in full force and effect without default thereunder by Tenant or, to the best knowledge of Tenant, Landlord.
12. The Lease is the entire agreement between the Landlord and Tenant pertaining to the Premises.
13. The Lease has not been amended, modified or supplemented except as set forth in Paragraph 1 above.
14. Tenant does not have any purchase option or first refusal right with respect to the Building. Tenant does not have any right or option for additional space in the Building.
15. Since the date of the Lease, there has been no material adverse change in the financial condition of Tenant, and there are no actions, whether voluntary or otherwise, pending against Tenant under the bankruptcy, reorganization, arrangement, moratorium or similar laws of the United States, any state thereof or any other jurisdiction.
16. Tenant will not seek to terminate the Lease or seek or assert any set-off or counterclaim against the rent or additional rent by reason of any act or omission of the Landlord, until Tenant shall have given written notice of such act or omission to Lender.
- Tenant acknowledges that Lender will rely on this Certificate in making a loan or otherwise extending credit to Buyer and that Buyer will rely on this Certificate in purchasing the Building.

Dated: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

THIS INSTRUMENT PREPARED BY AND
AFTER RECORDING RETURN TO:

SUBORDINATION, ATTORNMEN AND
NON-DISTURBANCE AGREEMENT

THIS SUBORDINATION, ATTORNMEN AND NON-DISTURBANCE AGREEMENT (this "Agreement"), dated this ____ day of _____, 19____, between _____, a _____ ("Tenant"), and HELLER FINANCIAL, INC., a Delaware corporation ("Lender"), having its principal place of business at 500 West Monroe Street, 30th Floor, Attention: Heller Servicing Department, Chicago, Illinois 60661.

RECITALS:

A. Tenant is the lessee under that certain lease executed between Tenant and _____, a _____ ("Landlord"), dated _____, 19____ (the lease and all amendments thereto are hereinafter referred to as the "Lease"), covering all or a portion of property with a property address of _____ and legally described in Schedule I attached hereto and made a part hereof (the "Property").

B. Lender is making a loan (the "Loan") to Landlord which is secured, in part, by the lien of a mortgage or deed of trust executed and delivered by Landlord to Lender encumbering the Property (the "Mortgage") and an assignment of all leases of and rents from the Property.

C. As a condition to making the Loan, Lender requires that Tenant enter into this Agreement.

NOW, THEREFORE, in consideration of the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Tenant hereby represents, acknowledges and agrees as follows:

(a) The Lease has not been amended, modified or extended, except as follows:

(b) The Lease does not contain any options to purchase and/or lease additional space, rights of first refusal to purchase and/or lease additional space or any similar provisions regarding acquisition of ownership interests or additional leased space in the building, except as follows:

(c) The term of the Lease commenced on _____ and will terminate on _____

(d) The current monthly rent payment under the Lease is \$ _____. Rent has been paid through _____. No advance rents have been prepaid except for the current month.

EXHIBIT I

- (e) In addition to monthly rent payments, the following amounts are also payable on a _____ basis for the following purposes:

- (f) The improvements described in the Lease have been completed and accepted by Tenant.
- (g) Tenant has not sublet any portion of the leased premises or assigned any of its rights under the Lease.
- (h) The Lease is in full force and effect, Tenant has no existing claims, defenses or offsets under the Lease against Landlord, no uncured default exists under the Lease, and no event has occurred that would, except for the lapse of time, the giving of notice or both, constitute a default.
- (i) No cancellation, modification, amendment, extension, or assignment of the Lease, and no subletting or prepayment of more than one month's rent shall be made without Lender's prior written consent.
- (j) All rent payments shall be paid as provided under the Lease until Tenant has been otherwise notified by Lender or its successors and assigns. All prepayments of more than one month's rent and any and all termination fees paid by Tenant, or at Tenant's direction, shall be payable jointly to Lender and Landlord.
- (k) The guaranty of the Lease, if any, is in full force and effect.
- (l) Tenant will deliver to Lender a copy of all notices Tenant delivers to or receives from Landlord.
- (m) Tenant will not look to Lender or its successors or assigns for the return of the security deposit, if any, under the Lease, except to the extent that such funds are delivered to Lender.

2. The Lease and all terms thereof, including, without limitation, any options to purchase, rights of first refusal, and any similar rights, are and shall be subject and subordinate to the Mortgage, and to all amendments, modifications, replacements and extensions thereof, to the full extent of the principal, interest, fees, expenses and all other amounts secured thereby.

3. In the event Lender elects to foreclose the Mortgage, Lender will not join Tenant in summary or foreclosure proceedings unless required by applicable law (and then only to the extent so required) as long as Tenant has not amended the Lease without Lender's prior written consent and is not in default under the Lease.

4. In the event that Lender shall succeed to the interest of Landlord under the Lease and there exists no default by Tenant under the Lease and Tenant has not amended the Lease without Lender's prior written consent, Lender agrees not to disturb or otherwise interfere with Tenant's possession of the leased premises for the unexpired term of the Lease, provided that Lender shall not be:

- (a) liable for any act or omission of Landlord or any prior landlord under the Lease;
- (b) subject to any offsets or defenses which Tenant might have against Landlord or any prior landlord;
- (c) bound by any rent or additional rent which Tenant might have paid for more than the current month to Landlord or any prior landlord;

- (d) bound by any amendment or modification of the Lease made without Lender's prior written consent; or
- (c) liable for any security deposit Tenant might have paid to Landlord or any prior landlord, except to the extent Lender has actually received said security deposit.

5. Upon Lender's succeeding to Landlord's interest under the Lease, Tenant covenants and agrees to attorn to Lender or a purchaser at a foreclosure or trustee's sale, to recognize such successor landlord as Tenant's landlord under the Lease, and to be bound by and perform all of the obligations and conditions imposed upon Tenant by the Lease. If requested by Lender or any subsequent owner, Tenant shall execute a new lease with Lender, for a term equal to the remaining term of the Lease and otherwise containing the same provisions and covenants of the Lease.

6. Prior to terminating the Lease due to a default by Landlord thereunder, Tenant agrees to notify Lender of such default and give Lender the opportunity to cure such default within thirty (30) days of Lender's receipt of such notice (or, if such default cannot reasonably be cured within such thirty (30) day period, Lender shall have such longer time as may be necessary to cure the default; provided that Lender commences the cure within such period and diligently pursues the cure thereafter).

7. This Agreement shall be binding upon and inure to the benefit of the respective heirs, personal representatives, successors and assigns of the parties hereto.

8. This Agreement can be modified only in writing duly executed by both parties.

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

TENANT:

By: _____
Its: _____

LENDER:

HELLER FINANCIAL, INC.

By: _____
Its: _____

STATE OF _____)

COUNTY OF _____)

)ss.

On _____, 199__, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument as _____ Vice President of Heller Financial, Inc., a Delaware corporation, the corporation that executed the within instrument and acknowledged to me that such corporation caused the foregoing instrument to be executed pursuant to its Bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

Notary Public

[SEAL]

My commission Expires: _____

STATE OF _____)

COUNTY OF _____)

)ss.

On _____, 199__, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, personally known to me or proved to me on the basis of satisfactory evidence, to be the person who executed the within instrument as the _____ of _____, a _____ corporation, the general partner OR managing member of _____ and acknowledged to me that such corporation caused the foregoing instrument to be executed pursuant to its Bylaws or a resolution of its Board of Directors.

WITNESS my hand and official seal.

Notary Public

[SEAL]

My commission Expires: _____

SENT BY:CROSBY, HEAFEY

; 7- 6-99 ;12:13PM ;CROSBY, HEAFEY 21stFL-

RightFAX:# 6/ 8

SCHEDULE I to SNDA

LEGAL DESCRIPTION



CHICAGO TITLE COMPANY

PRELIMINARY REPORT

Dated as of: March 30, 1999 at 7:30 AM

Reference: 8860722 EK

Order No.: 93038215 - U13

Regarding: 8525-75 GIBBS & 8960 AERO
SAN DIEGO, CA

CHICAGO TITLE COMPANY hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception in Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in the attached list. Copies of the Policy forms are available upon request.

Please read the exceptions shown or referred to in Schedule B and the exceptions and exclusions set forth in the attached list of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered. It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

THIS REPORT (AND ANY SUPPLEMENTS OR AMENDMENTS HERETO) IS ISSUED SOLELY FOR THE PURPOSE OF FACILITATING THE ISSUANCE OF A POLICY OF TITLE INSURANCE AND NO LIABILITY IS ASSUMED HEREBY. IF IT IS DESIRED THAT LIABILITY BE ASSUMED PRIOR TO THE ISSUANCE OF A POLICY OF TITLE INSURANCE, A BINDER OR COMMITMENT SHOULD BE REQUESTED.

The form of policy of title insurance contemplated by this report is:

AMERICAN LAND TITLE ASSOCIATION OWNER'S EXTENDED COVERAGE POLICY

Title Department:

CHICAGO TITLE COMPANY
925 "B" STREET
SAN DIEGO, CA. 92101
(619)544-6231 fax: (619)544-6275

Michael Brady
TITLE OFFICER



Escrow Department

CHICAGO TITLE COMPANY
590 Ygnacio Valley Road, Suite 300
Walnut Creek, CA 94596
925/974-4733 Fax 925/974-4811

Kathy DeGaine, CSEO
Certified Senior Escrow Officer
Commercial Department

SCHEDULE A

Order No: 93038215 U13

Your Ref: 8860722 EK

1. The estate or interest in the land hereinafter described or referred to covered by this report is:

SEE ATTACHED EXHIBIT - ESTATE OR INTEREST

2. Title to said estate or interest at the date hereof is vested in:

SAN DIEGO HOSPITAL ASSOCIATES, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION

3. The land referred to in this report is situated in the State of California, County of SAN DIEGO and is described as follows:

SEE ATTACHED DESCRIPTION

EXHIBIT (ESTATE OR INTEREST)

A LEASEHOLD AS CREATED BY THAT CERTAIN LEASE DATED JUNE 5, 1978, EXECUTED BY CITY OF SAN DIEGO, AS LESSOR, AND MONTGOMERY FIELD TWO, a California Limited Partnership, AS LESSEE, AS REFERENCED IN THE DOCUMENT ENTITLED "LEASE", WHICH WAS RECORDED MAY 27, 1980 AS FILE NO. 80-170706, OFFICIAL RECORDS, FOR THE TERM AND UPON AND SUBJECT TO ALL THE PROVISIONS CONTAINED IN SAID DOCUMENT, AND IN SAID LEASE AS TO PARCEL A.

A LEASEHOLD AS CREATED BY THAT CERTAIN LEASE DATED JULY 27, 1978, EXECUTED BY CITY OF SAN DIEGO, AS LESSOR, AND MONTGOMERY FIELD ONE, a California Limited Partnership, AS LESSEE, AS REFERENCED IN THE DOCUMENT ENTITLED "LEASE", WHICH WAS RECORDED MARCH 20, 1979 AS FILE NO. 79-115029, OFFICIAL RECORDS, FOR THE TERM AND UPON AND SUBJECT TO ALL THE PROVISIONS CONTAINED IN SAID DOCUMENT, AND IN SAID LEASE, AS TO PARCEL B

DESCRIPTION

PARCEL A:

THAT PORTION OF LOT 24 OF NEW RIVERSIDE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 679, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 11, 1891, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 24; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 24, SOUTH $89^{\circ} 22' 05''$ WEST, 37.00 FEET TO THE POINT CUSP WITH A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY FORMING A PORTION OF JOHN J. MONTGOMERY DRIVE; THENCE ALONG THE BOUNDARY OF SAID DRIVE AS FOLLOWS:

NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $90^{\circ} 00' 00''$ A DISTANCE OF 31.42 FEET; TANGENT TO SAID CURVE NORTH $00^{\circ} 37' 55''$ WEST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; AND NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $90^{\circ} 00' 00''$ A DISTANCE OF 31.42 FEET TO A POINT OF TANGENCY IN THE SOUTHERLY LINE OF GIBBS DRIVE; THENCE ALONG SAID SOUTHERLY LINE TANGENT TO SAID CURVE SOUTH $89^{\circ} 22' 05''$ WEST, 678.57 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING ALONG SAID SOUTHERLY LINE SOUTH $89^{\circ} 22' 05''$ WEST, 550.57 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHEASTERLY FORMING A PORTION OF GLEN L. CURTIS DRIVE; THENCE ALONG THE BOUNDARY OF SAID DRIVE, LAST ABOVE REFERRED TO, AS FOLLOWS:

SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $90^{\circ} 00' 00''$ A DISTANCE OF 31.42 FEET; TANGENT TO SAID CURVE SOUTH $00^{\circ} 37' 55''$ EAST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY; AND SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $90^{\circ} 00' 00''$ A DISTANCE OF 31.42 FEET TO THE POINT OF TANGENCY IN THE SOUTHERLY LINE OF SAID LOT 24; THENCE ALONG SAID SOUTHERLY LINE, TANGENT TO SAID CURVE NORTH $89^{\circ} 22' 05''$ EAST, 550.57 FEET TO A LINE WHICH BEARS SOUTH $00^{\circ} 37' 55''$ EAST FROM THE TRUE POINT OF BEGINNING; THENCE NORTH $00^{\circ} 37' 55''$ WEST, 200.00 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL B:

THAT PORTION OF LOT 24 OF NEW RIVERSIDE, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 679, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, AUGUST 11, 1891, DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID LOT 24; THENCE ALONG THE SOUTHERLY LINE OF SAID LOT 24, SOUTH $89^{\circ} 22' 05''$ WEST, 37.00 FEET TO A POINT OF CUSP WITH THE ARC OF A 20.00 FOOT RADIUS CURVE, CONCAVE NORTHWESTERLY AND BEING THE TRUE POINT OF BEGINNING; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF $90^{\circ} 00' 00''$ A DISTANCE OF 31.42 FEET TO A POINT OF TANGENCY WITH THE WESTERLY LINE OF THE EASTERLY 17.00 FEET OF SAID LOT 24; THENCE ALONG SAID WESTERLY LINE, NORTH $00^{\circ} 37' 55''$ WEST, 160.00 FEET TO THE BEGINNING OF A TANGENT 20.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF $90^{\circ} 00' 00''$ A DISTANCE OF 31.42 FEET; THENCE TANGENT TO SAID CURVE, SOUTH $89^{\circ} 22' 05''$ WEST, 678.57 FEET; THENCE SOUTH $00^{\circ} 37' 55''$ EAST 200.00 FEET TO THE SOUTHERLY LINE OF SAID LOT 24; THENCE ALONG SAID SOUTHERLY LINE, NORTH $89^{\circ} 22' 05''$ EAST, 678.57 FEET TO THE TRUE POINT OF BEGINNING.

SCHEDULE B

Page 1

Order No: 93038215 U13

Your Ref: 8860722 EK

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in the policy form designated on the face page of this Report would be as follows:

- A 1. PROPERTY TAXES, INCLUDING ANY ASSESSMENTS COLLECTED WITH TAXES, TO BE LEVIED FOR THE FISCAL YEAR 1999-2000 THAT ARE A LIEN NOT YET DUE.
- B 2. THE LIEN OF SUPPLEMENTAL TAXES, IF ANY, ASSESSED PURSUANT TO THE PROVISIONS OF CHAPTER 3.5 (COMMENCING WITH SECTION 75) OF THE REVENUE AND TAXATION CODE OF THE STATE OF CALIFORNIA.

C THE FOLLOWING ITEMS AFFECT PARCEL A:

- D 3. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT

GRANTED TO: SAN DIEGO GAS AND ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITIES, INGRESS AND EGRESS
RECORDED: JULY 22, 1980 AS FILE NO. 80-229685 OFFICIAL RECORDS
AFFECTS: THE EXACT LOCATION AND EXTENT OF SAID EASEMENT IS NOT DISCLOSED OF RECORD.

- E 4. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT

GRANTED TO: SAN DIEGO GAS AND ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITIES, INGRESS AND EGRESS
RECORDED: OCTOBER 7, 1980 AS FILE NO. 80-330527 OFFICIAL RECORDS
AFFECTS: THE EXACT LOCATION AND EXTENT OF SAID EASEMENT IS NOT DISCLOSED OF RECORD.

- F 5. AN UNRECORDED LEASE AFFECTING THE PREMISES HEREIN DESCRIBED, EXECUTED BY AND BETWEEN THE PARTIES HEREIN NAMED, WITH CERTAIN TERMS, COVENANTS, CONDITIONS AND PROVISIONS SET FORTH THEREIN

LESSOR: SAN DIEGO HOSPITAL ASSOCIATION
LESSEE: SCANDINAVIAN FLIGHT
DISCLOSED BY: NOTICE OF NON-RESPONSIBILITY
RECORDED: MAY 1, 1997 AS FILE NO. 1997-0204141, OFFICIAL RECORDS

G THE PRESENT OWNERSHIP OF THE LEASEHOLD CREATED BY SAID LEASE AND OTHER MATTERS AFFECTING THE INTEREST OF THE LESSEE ARE NOT SHOWN HEREIN.

- H 6. AN UNRECORDED LEASE AFFECTING THE PREMISES HEREIN DESCRIBED, EXECUTED BY

SCHEDULE B
(continued)

Order No: 93038215 U13

Your Ref: 8860722 EK

AND BETWEEN THE PARTIES HEREIN NAMED, WITH CERTAIN TERMS, COVENANTS, CONDITIONS AND PROVISIONS SET FORTH THEREIN

LESSOR: SAN DIEGO HOSPITAL ASSOCIATION
LESSEE: PIZZA HUT, INC., F/K/A PIZZA HUT OF SAN DIEGO, INC.
DISCLOSED BY: ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT
UNRECORDED LEASE
RECORDED: APRIL 10, 1998 AS FILE NO. 1998-0203721, OFFICIAL RECORDS

- I THE PRESENT OWNERSHIP OF THE LEASEHOLD CREATED BY SAID LEASE AND OTHER MATTERS AFFECTING THE INTEREST OF THE LESSEE ARE NOT SHOWN HEREIN.
- J NOTE: ASSIGNMENT OF LEASE TO RLLW, INC., A NEVADA CORPORATION WAS RECORDED APRIL 10, 1998 AS FILE NO. 1998-0203721, OFFICIAL RECORDS
- K 7. ANY RIGHT OF THE UNITED STATES TO RECOVER FUNDS FROM THE OWNER OR FROM ANY TRANSFEREE OF SAID LAND, OR OF ANY PORTION THEREON, BY REASON OF THE ADVANCE OF FEDERAL FUNDS INCLUDING, BUT NOT LIMITED TO, THOSE AUTHORIZED UNDER USC291 ET SEQ.
- L 8. THE EFFECT OF ANY FAILURE TO COMPLY WITH THE TERMS, COVENANTS, CONDITIONS AND PROVISIONS OF THE LEASE DESCRIBED OR REFERRED TO IN SCHEDULE A.
- M 9. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY MAKING INQUIRY OF THE LESSORS AND THEIR SUCCESSORS IN INTEREST, IN THE LEASE DESCRIBED OR REFERRED TO IN SCHEDULE A.
- N 10. ANY DEFECT IN OR INVALIDITY OF, OR OTHER MATTER RELATING TO THE LEASEHOLD DESCRIBED IN SCHEDULE A WHICH WOULD BE DISCLOSED BY AN EXAMINATION OF THE UNRECORDED LEASE DESCRIBED OR REFERRED TO IN SCHEDULE A.
- O 11. RIGHTS OF PARTIES IN POSSESSION OF SAID LAND.
MATTERS AFFECTING THE RIGHTS OF SAID PARTIES ARE NOT SHOWN HEREIN.
- P 12. MATTERS WHICH MAY BE DISCLOSED BY AN INSPECTION OR SURVEY OF SAID LAND OR BY INQUIRY OF THE PARTIES IN POSSESSION THEREOF.
- Q THE FOLLOWING ITEMS AFFECT PARCEL B:
- R 13. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT

GRANTED TO: SAN DIEGO GAS AND ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITIES, INGRESS AND EGRESS
RECORDED: MAY 29, 1970 AS FILE NO. 93739, OFFICIAL RECORDS
AFFECTS: THE ROUTE THEREOF AFFECTS A PORTION OF SAID LAND AND IS MORE FULLY DESCRIBED IN SAID DOCUMENT.

SCHEDULE B
(continued)

Order No: 93038215 U13

Your Ref: 8860722 EK

- s 14. AN AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND DONALD SAMMIS, OWNER, RECORDED OCTOBER 31, 1979 AS FILE NO. 79-457980, OFFICIAL RECORDS, RELATING TO THE INSTALLATION, MAINTENANCE AND POSSIBLE REMOVAL OF EXPOSED AGGREGATE SIDEWALKS.
- t 15. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT
- GRANTED TO: SAN DIEGO GAS AND ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITIES, INGRESS AND EGRESS
RECORDED: JULY 22, 1980 AS FILE NO. 80-229685, OFFICIAL RECORDS
AFFECTS: THE EXACT LOCATION AND EXTENT OF SAID EASEMENT IS NOT DISCLOSED OF RECORD.
- u 16. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT
- GRANTED TO: SAN DIEGO GAS AND ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITIES, INGRESS AND EGRESS
RECORDED: OCTOBER 7, 1980 AS FILE NO. 80-330527, OFFICIAL RECORDS
AFFECTS: THE EXACT LOCATION AND EXTENT OF SAID EASEMENT IS NOT DISCLOSED OF RECORD.
- v 17. AN EASEMENT FOR THE PURPOSE SHOWN BELOW AND RIGHTS INCIDENTAL THERETO AS SET FORTH IN A DOCUMENT
- GRANTED TO: SAN DIEGO GAS AND ELECTRIC COMPANY
PURPOSE: PUBLIC UTILITIES, INGRESS AND EGRESS
RECORDED: SEPTEMBER 24, 1986 AS FILE NO. 86-422599 OFFICIAL RECORDS
AFFECTS: THE EXACT LOCATION AND EXTENT OF SAID EASEMENT IS NOT DISCLOSED OF RECORD.
- w 18. ANY RIGHT OF THE UNITED STATES TO RECOVER FUNDS FROM THE OWNER OR FROM ANY TRANSFEREE OF SAID LAND, OR OF ANY PORTION THEREON, BY REASON OF THE ADVANCE OF FEDERAL FUNDS INCLUDING, BUT NOT LIMITED TO, THOSE AUTHORIZED UNDER 42 U.S.C. 291 ET SEQ.
- x 19. ANY CLAIMS FOR MECHANICS' LIENS ON SAID LAND THAT MAY BE RECORDED, BY REASON OF A WORK OF IMPROVEMENT THAT IS DISCLOSED BY THE DOCUMENT SHOWN BELOW
- DOCUMENT: NOTICE OF NON-RESPONSIBILITY
RECORDED: MAY 1, 1997 AS FILE NO. 1997-0204141 OF OFFICIAL RECORDS

SCHEDULE B
(continued)

Order No: 93038215 U13

Your Ref: 8860722 EK

- Y 20. AN UNRECORDED LEASE AFFECTING THE PREMISES HEREIN DESCRIBED, EXECUTED BY AND BETWEEN THE PARTIES HEREIN NAMED, WITH CERTAIN TERMS, COVENANTS, CONDITIONS AND PROVISIONS SET FORTH THEREIN

LESSOR: SAN DIEGO HOSPITAL ASSOCIATION
LESSEE: SCANDINAVIAN FLIGHT
DISCLOSED BY: NOTICE OF NON-RESPONSIBILITY
RECORDED: MAY 1, 1997 AS FILE NO. 1997-0204141 OF OFFICIAL RECORDS

THE PRESENT OWNERSHIP OF THE LEASEHOLD CREATED BY SAID LEASE AND OTHER MATTERS AFFECTING THE INTEREST OF THE LESSEE ARE NOT SHOWN HEREIN.

- Z 21. THE EFFECT OF ANY FAILURE TO COMPLY WITH THE TERMS, COVENANTS, CONDITIONS AND PROVISIONS OF THE LEASE DESCRIBED OR REFERRED TO IN SCHEDULE A.
- AA 22. ANY FACTS, RIGHTS, INTERESTS OR CLAIMS WHICH ARE NOT SHOWN BY THE PUBLIC RECORDS BUT WHICH COULD BE ASCERTAINED BY MAKING INQUIRY OF THE LESSORS AND THEIR SUCCESSORS IN INTEREST, IN THE LEASE DESCRIBED OR REFERRED TO IN SCHEDULE A.
- AB 23. ANY DEFECT IN OR INVALIDITY OF, OR OTHER MATTER RELATING TO THE LEASEHOLD DESCRIBED IN SCHEDULE A WHICH WOULD BE DISCLOSED BY AN EXAMINATION OF THE UNRECORDED LEASE DESCRIBED OR REFERRED TO IN SCHEDULE A.
- AC 24. MATTERS WHICH MAY BE DISCLOSED BY AN INSPECTION OR SURVEY OF SAID LAND OR BY INQUIRY OF THE PARTIES IN POSSESSION THEREOF.
- AD 25. RIGHTS OF PARTIES IN POSSESSION OF SAID LAND.
MATTERS AFFECTING THE RIGHTS OF SAID PARTIES ARE NOT SHOWN HEREIN.

AE END OF SCHEDULE B

AF NOTE NO. 1: THIS COMPANY WILL REQUIRE THAT AN ALTA SURVEY OF SAID LAND, SATISFACTORY TO THIS COMPANY, BE SUBMITTED. IT IS RECOMMENDED THAT THE SURVEYOR CONTACT THIS COMPANY PRIOR TO STARTING THE SURVEY.

AG NOTE NO. 2: BEFORE ISSUING ANY POLICY OF TITLE INSURANCE, THIS COMPANY WILL REQUIRE THAT A FULL COPY OF ANY UNRECORDED LEASE REFERRED TO HEREIN BE FURNISHED TO THIS COMPANY, TOGETHER WITH ALL SUPPLEMENTS, ASSIGNMENTS AND AMENDMENTS.

AH NOTE NO. 3:
A) PROPERTY TAXES FOR THE FISCAL YEAR SHOWN BELOW ARE PAID. FOR INFORMATION PURPOSES THE AMOUNTS ARE:

FISCAL YEAR: 1998-1999

SCHEDULE B
(continued)

Order No: 93038215 U13

Your Ref: 8860722 EK

1ST INSTALLMENT: \$18,446.55
2ND INSTALLMENT: \$18,446.55
EXEMPTION: \$NONE
CODE AREA: 08001
ASSESSMENT NO: 760-222-09-00

B) PROPERTY TAXES FOR THE FISCAL YEAR SHOWN BELOW ARE PAID. FOR
INFORMATION PURPOSES THE AMOUNTS ARE:

FISCAL YEAR: 1998-1999
1ST INSTALLMENT: \$12,389.41
2ND INSTALLMENT: \$12,389.41
EXEMPTION: \$NONE
CODE AREA: 08001
ASSESSMENT NO: 760-222-10-00

AI NOTE: IF THIS COMPANY IS REQUESTED TO DISBURSE FUNDS IN CONNECTION WITH
THIS TRANSACTION, CHAPTER 598, STATUTES OF 1989 MANDATES HOLD PERIODS FOR
CHECKS DEPOSITED TO ESCROW OR SUB-ESCROW ACCOUNTS. THE MANDATORY HOLD
PERIOD FOR CASHIER'S CHECKS, CERTIFIED CHECKS AND TELLER'S CHECKS IS ONE
BUSINESS DAY AFTER THE DAY DEPOSITED. OTHER CHECKS REQUIRE A HOLD PERIOD
FROM THREE TO SEVEN BUSINESS DAYS AFTER THE DAY DEPOSITED.

NOTE: ANY FUNDING WIRES TO CHICAGO TITLE COMPANY ARE TO BE DIRECTED AS
FOLLOWS:

BANK OF AMERICA
1850 GATEWAY BOULEVARD
CONCORD, CALIFORNIA

ABA 121-000358

CREDIT TO CHICAGO TITLE SUB-ESCROW DEPOSITORY ACCOUNT
NO. 12359-50752

FURTHER CREDIT TO ORDER NO: 093038215

ATTN: MICHAEL BRADY

TITLE OFFICER

*Obtain
wire inst.
from
Escrow*

AJ

SL

As part of the settlement of a class action lawsuit, we are required to place this notification in all preliminary reports:

IF YOU BOUGHT, SOLD OR REFINANCED A HOME (RESIDENTIAL REAL PROPERTY) IN CALIFORNIA BETWEEN JULY 1, 1989 AND FEBRUARY 28, 1997, PLEASE READ THE FOLLOWING:

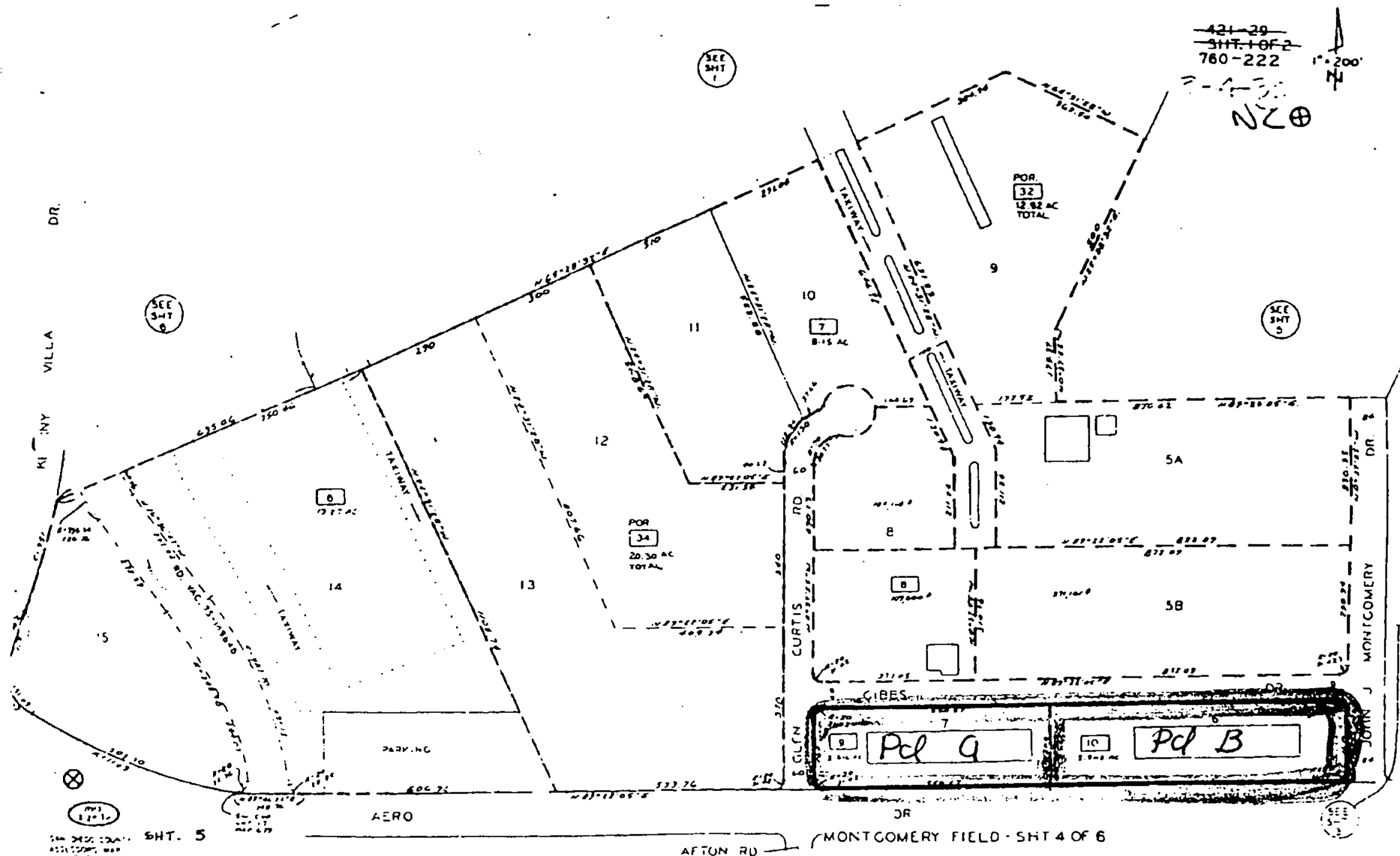
Pursuant to a Settlement Agreement in a class action lawsuit filed in the Superior Court for Los Angeles County, a settlement agreement has been entered into that provides persons who bought, sold or refinanced residential real property in the State of California between July 1, 1989 and February 28, 1997, with certain rights. If you are such a person and you are now engaged in an escrow transaction with Chicago Title Company, Gateway Title Company, Benefit Land Title Company or Fidelity National Title Insurance Company, you have the following rights:

If one of these companies previously handled a residential escrow transaction for you that involved residential real property in which a mortgage, promissory note, or similar debt instrument, repayment of which was secured by a duly recorded deed of trust, was fully paid, satisfied or discharged and a reconveyance of that deed of trust was executed and was delivered to one of those title companies for recording but was inadvertently not recorded, you have the right to request that a release of obligation or reconveyance be recorded in accordance with the terms of the Settlement Agreement.

To obtain this right you must:

(1) Establish to the satisfaction of the title company that you actually closed an escrow between July 1, 1989 and February 28, 1997, which was handled by one of the above-listed title insurance companies, in which a mortgage, promissory note, or similar debt instrument secured by a duly recorded deed of trust was fully paid, satisfied or discharged and a reconveyance of that deed of trust was executed and was delivered for recordation to the title company that handled the prior transaction. Proof of said transaction shall be made by presenting a closing statement, preliminary report, title insurance policy or a paid escrow invoice which identifies you and the prior deed of trust; and

(2) Request in writing the recording of a reconveyance or release of obligation in the event that one inadvertently had not been previously recorded in the escrow transaction previously handled by one of the above-named title companies.



CITY OF SAN DIEGO
CONSENT TO ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENTS
AND SECURITY DEPOSITS

The City of San Diego (CITY), as LESSOR, entered into long-term Lease Agreements, hereinafter named "the Leases," with Montgomery Field One and Montgomery Field Two, which were filed in the office of the City Clerk on May 3, 1978 as Document No. 763376 and on July 31, 1979 as Document No. 766982. Both Leases were subsequently acquired by Kearny Mesa Realty, Inc. by Trustee's Sale. San Diego Hospital Association, a California nonprofit public benefit corporation (LESSEE/ASSIGNOR) thereafter acquired the Leases from Kearny Mesa Realty, Inc. by an Assignment and Assumption of Ground Leases dated December 17, 1993.

CITY hereby consents to an assignment of the Leases from San Diego Hospital Association (LESSEE/ASSIGNOR) to MONTGOMERY FIELD, LLC, a California limited liability company (ASSIGNEE), in accordance with the terms and conditions set out in the Assignment and Assumption of Leases and Security Deposits, which is Exhibit "B" of the attached Purchase Agreement and Escrow Instructions Between San Diego Hospital Association and Levin Menzies Kelly and Associates LLC, dated June __, 1999 (the "Purchase Agreement") (Montgomery Field, LLC being the successor by assignment to all rights and interests of Levin Menzies Kelly and Associates LLC under the Purchase Agreement) with the following conditions:

The CITY is merely approving the Assignment and Assumption of the Leases and Security Deposits and all terms and conditions of the Leases shall control and supersede any inconsistency or contrary provisions in the Purchase Agreement. The CITY is not bound by any term or condition in the attached documents, which in any way conflicts with or is additional to the provisions of the Leases, except as otherwise approved herein.

In the event Assignor and Assignee do not complete the Sale and Assignment and Assumption of Leases and Security Deposits per the Purchase Agreement by _____, CITY may at its sole discretion rescind this consent agreement by notifying ASSIGNOR and ASSIGNEE of the fact any time prior to the completion date.

THE CITY OF SAN DIEGO

Dated: _____

By: _____
Property Director

Approved as to form this _____ day of _____.

CASEY G. GWINN, CITY ATTORNEY

By: _____
Head Deputy City Attorney

EXHIBIT K-2

FORM OF ESTOPPEL CERTIFICATE
FROM CITY OF SAN DIEGO

_____, 1999

To: Montgomery Field, LLC, and

[name of lender]

Re: (i) Flat Rate Lease filed May 3, 1978 as Document No. 763376 in the Office of the City Clerk (Lease No. 1) and (ii) Flat Rate Lease filed July 31, 1979 as Document No. 766982 in the Office of the City Clerk (Lease No. 2)

Ladies/Gentlemen:

At your request, and knowing that you are relying on the accuracy of the information contained herein, the undersigned City of San Diego, as landlord under both of the above referenced leases, hereby certifies that, to the undersigned's knowledge:

1. Lease No. 1 and Lease No. 2 are each in full force and effect and have not been modified and a full copy of each lease is attached hereto as Schedule 1 and Schedule 2, respectively;
2. The rent and all other amounts payable by the undersigned under Lease No. 1 have been paid through _____; and
3. The rent and all other amounts payable by the undersigned under Lease No. 2 have been paid through _____;
4. The undersigned has not given the tenant under Lease No. 1 or Lease No. 2 any written notice claiming that tenant is in default under either Lease, which default remains uncured;
5. The base monthly rent currently payable under Lease No. 1 is \$ _____; and
6. The base monthly rent currently payable under Lease No. 2 is \$ _____.

This letter is being furnished to you in connection with your acquisition of the premises described in the respective leases and may be relied upon by you and your lender, if any, in connection with any loan you may obtain with respect to such premises, and by your respective successors and assigns.

Very truly yours,

THE CITY OF SAN DIEGO

By: _____
Its: _____

PENDING TRANSACTIONS, SUITS AND PROCEEDINGS

[None]

EXHIBIT "L"



Levin Menzies Kelly
AND ASSOCIATES

Section 6

Assignment Documents

Montgomery Field Business Park

Assignment and Assumption of Ground Leases

RECORDING REQUESTED BY)
WHEN RECORDED MAIL TO:)
)
Luce, Forward Hamilton & Scripps, LLP)
600 West Broadway, Suite 2600)
San Diego, California 92101)
Attn: Charles L. Hellerich)
)

Above Space for Recorder's Use

ASSIGNMENT AND ASSUMPTION
OF GROUND LEASES

ASSIGNMENT AND ASSUMPTION OF GROUND LEASES, dated _____,
199_, between SAN DIEGO HOSPITAL ASSOCIATION, a California nonprofit public benefit
corporation ("Assignor") and MONTGOMERY FIELD, LLC, a California limited liability
company ("Assignee").

ASSIGNMENT AND CONVEYANCE

For good and valuable consideration paid by Assignee to Assignor, the receipt and
sufficiency of which are hereby acknowledge, Assignor hereby assigns, transfers and conveys to
Assignee all of Assignor's right, title and interest, if any, as tenant in and to (i) that certain
ground lease entitled "Flat Rate Lease" filed May 3, 1978, as Document Nol. 763376 in the
Office of the City Clerk, San Diego, California, with attached addendum, and entered into
between Montgomery Field One, a partnership, as lessee, and the City of San Diego, a municipal
corporation, as lessor (the "Montgomery Field One Ground Lease"), and (ii) that certain Ground
Lease entitled "Flat Rate Lease," filed July 31, 1979, as Document No. 766982, in the Office of
the City Clerk, San Diego, California, with attached addendum, and entered into between
Montgomery Field Two, a partnership, as lessee, and the City of San Diego, a municipal
corporation, as lessor (the "Montgomery Field Two Ground lease"). The Montgomery Field One
Ground Lease and the Montgomery Field Two Ground Lease are referred to together herein as
the "Ground Leases." Assignor also grants, transfers and conveys to Assignee all of its right,
title and interest, if any, in and to all buildings and improvements located on the land covered by
the Ground Leases. The Ground Leases cover that certain land located in San Diego, California,
more particularly described in Schedule "1" attached hereto and made a part hereof. The
Montgomery Field One Ground Lease was recorded March 20, 1979 in File/No. 79-115029 of
Official Records of San Diego County, California. The Montgomery Field Two Ground Lease
was recorded May 27, 1980, in File/No. 80-170706 of Official Records of San Diego, California.

ASSUMPTION

ASSIGNEE HEREBY ACCEPTS the foregoing assignment and assumes and agrees to perform all of the obligations of Assignor under the Ground Leases, accruing from and after the date hereof.

SUCCESSORS AND ASSIGNS

This Assignment and Assumption of Ground Leases shall be binding upon Assignor, Assignee and their respective successors and assigns.

ASSIGNEE FURTHER AGREES to defend and indemnify Assignor and any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other person or entity affiliated with Assignor (collectively, "Assignor's Affiliates") against, and to hold Assignor and Assignor's Affiliates harmless from, any and all claims, demands, cause of action, losses, damages, liabilities, and costs and expenses (including, without limitation, attorney's fees and disbursements), whether foreseen or unforeseen, asserted against or incurred by Assignor or any of Assignor's Affiliates in connection with or arising out of acts or omissions of Assignee or its directors, officers, employees, affiliates, partners, brokers, agents, contractors, consultants and/or representatives, or other matters or occurrences that take place, from and after the date hereof relating to either of the Ground Leases.

ASSIGNOR FURTHER AGREES to defend and indemnify Assignee and any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other person or entity affiliated with Assignee (collectively, "Assignee's Affiliates") against, and to hold Assignee and Assignee's Affiliates harmless from, any and all claims, demands, cause of action, losses, damages, liabilities, and costs and expenses (including, without limitation, attorney's fees and disbursements), whether foreseen or unforeseen, asserted against or incurred by Assignee or any of Assignee's Affiliates in connection with or arising out of acts or omissions of Assignor or its directors, officers, employees, affiliates, partners, brokers, agents, contractors, consultants and/or representatives, or other matters or occurrences that took place during the period of Assignor's ownership of the Ground Lease.

Except for Seller's representations and warranties contained in that certain Purchase Agreement and Escrow Instructions Between San Diego Hospital Associate and Levin Menzies Kelly and Associates LLC, dated June ____, 1999, and Assignor's fraud, Assignee hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Assignor or Assignor's Affiliates, and hereby unconditionally and irrevocably fully releases and discharges Assignor and Assignor's Affiliates from any and all liability whatsoever which may now or hereafter accrue in favor of Assignee against Assignor or Assignor's Affiliates, in connection with or arising out of the Ground Leases, but excluding any default or liabilities accruing prior to the date hereof under the terms and provisions of the Ground Leases.

Except as otherwise expressly provided in that certain Purchase Agreement dated _____, 1999, this Assignment and Assumption of Ground Leases is made without any covenant, warranty or representation by, or recourse against, Assignor or Assignor's Affiliates of any kind whatsoever.

IN WITNESS WHEREOF, this Assignment and Assumption of Ground Leases have been executed on the date and year first above written.

ASSIGNOR:

SAN DIEGO HOSPITAL ASSOCIATION,
a California nonprofit public benefit
corporation

By: _____
Name: _____
Title: _____

MONTGOMERY FIELD, LLC, a California
limited liability company

By: _____
Name: _____
Title: _____

STATE OF _____)
)ss:
COUNTY OF _____)

On _____, 19__, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public

STATE OF _____)
)ss:
COUNTY OF _____)

On _____, 19__, before me, _____, personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public



Levin Menzies Kelly
AND ASSOCIATES

Section 6

Assignment Documents

Montgomery Field Business Park

City of San Diego Consent to Assignment

CITY OF SAN DIEGO
CONSENT TO ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENTS
AND SECURITY DEPOSITS

The City of San Diego (CITY), as LESSOR, entered into long-term Lease Agreements, hereinafter named "the Leases," with Montgomery Field One and Montgomery Field Two, which were filed in the office of the City Clerk on May 3, 1978 as Document No. 763376 and on July 31, 1979 as Document No. 766982. Both Leases were subsequently acquired by Kearny Mesa Realty, Inc. by Trustee's Sale. San Diego Hospital Association, a California nonprofit public benefit corporation (LESSEE/ASSIGNOR) thereafter acquired the Leases from Kearny Mesa Realty, Inc. by an Assignment and Assumption of Ground Leases dated December 17, 1993.

CITY hereby consents to an assignment of the Leases from San Diego Hospital Association (LESSEE/ASSIGNOR) to MONTGOMERY FIELD, LLC, a California limited liability company (ASSIGNEE), in accordance with the terms and conditions set out in the Assignment and Assumption of Leases and Security Deposits, which is Exhibit "B" of the attached Purchase Agreement and Escrow Instructions Between San Diego Hospital Association and Levin Menzies Kelly and Associates LLC, dated June __, 1999 (the "Purchase Agreement") (Montgomery Field, LLC being the successor by assignment to all rights and interests of Levin Menzies Kelly and Associates LLC under the Purchase Agreement) with the following conditions:

The CITY is merely approving the Assignment and Assumption of the Leases and Security Deposits and all terms and conditions of the Leases shall control and supersede any inconsistency or contrary provisions in the Purchase Agreement. The CITY is not bound by any term or condition in the attached documents, which in any way conflicts with or is additional to the provisions of the Leases, except as otherwise approved herein.

In the event Assignor and Assignee do not complete the Sale and Assignment and Assumption of Leases and Security Deposits per the Purchase Agreement by _____, CITY may at its sole discretion rescind this consent agreement by notifying ASSIGNOR and ASSIGNEE of the fact any time prior to the completion date.

THE CITY OF SAN DIEGO

Dated: _____

By: _____
Property Director

Approved as to form this _____ day of _____.

CASEY G. GWINN, CITY ATTORNEY

By: _____
Head Deputy City Attorney



a limited liability company

Levin Menzies Kelly
AND ASSOCIATES

Section 7

Estoppel Certificate

Montgomery Field Business Park

FORM OF ESTOPPEL CERTIFICATE
FROM CITY OF SAN DIEGO

_____, 1999

To: Montgomery Field, LLC, and

[name of lender]

Re: (i) Flat Rate Lease filed May 3, 1978 as Document No. 763376 in the Office of the City Clerk (Lease No. 1) and (ii) Flat Rate Lease filed July 31, 1979 as Document No. 766982 in the Office of the City Clerk (Lease No. 2)

Ladies/Gentlemen:

At your request, and knowing that you are relying on the accuracy of the information contained herein, the undersigned City of San Diego, as landlord under both of the above referenced leases, hereby certifies that, to the undersigned's knowledge:

1. Lease No. 1 and Lease No. 2 are each in full force and effect and have not been modified and a full copy of each lease is attached hereto as Schedule 1 and Schedule 2, respectively;
2. The rent and all other amounts payable by the undersigned under Lease No. 1 have been paid through _____; and
3. The rent and all other amounts payable by the undersigned under Lease No. 2 have been paid through _____;
4. The undersigned has not given the tenant under Lease No. 1 or Lease No. 2 any written notice claiming that tenant is in default under either Lease, which default remains uncured;
5. The base monthly rent currently payable under Lease No. 1 is \$ _____; and
6. The base monthly rent currently payable under Lease No. 2 is \$ _____.

This letter is being furnished to you in connection with your acquisition of the premises described in the respective leases and may be relied upon by you and your lender, if any, in connection with any loan you may obtain with respect to such premises, and by your respective successors and assigns.

Very truly yours,

THE CITY OF SAN DIEGO

By: _____

Its: _____



Levin Menzies Kelly
AND ASSOCIATES

Section 8

Montgomery Field LLC

Montgomery Field Business Park

Articles of Incorporation

State of California

SECRETARY OF STATE



I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

MAY 19 1999



Bill Jones

Secretary of State



State of California
Bill Jones
Secretary of State

LIMITED LIABILITY COMPANY
ARTICLES OF ORGANIZATION

A \$70.00 filing fee must accompany this form.
IMPORTANT – Read instructions before completing this form.

File# 199913810087

FILED
In the office of the Secretary of State
of the State of California

MAY 14 1999

Bill Jones
BILL JONES, Secretary of State

This Space For Filing Use Only

1. Name of the limited liability company (end the name with the words "Limited Liability Company," "Ltd. Liability Co.," or the abbreviations "LLC" or "L.L.C.")

Montgomery Field LLC

2. The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the Beverly-Killea limited liability company act.

3. Name the agent for service of process and check the appropriate provision below:

Paul D. Menzies

which is

☒ an individual residing in California. Proceed to item 4.

☐ a corporation which has filed a certificate pursuant to section 1505. Proceed to item 5.

4. If an individual, California address of the agent for service of process:

Address: 1981 N. Broadway, Suite 415

City: Walnut Creek

State: CA

Zip Code: 94596

5. The limited liability company will be managed by: (check one)

☒ one manager

☐ more than one manager

☐ limited liability company members

6. Other matters to be included in this certificate may be set forth on separate attached pages and are made a part of this certificate. Other matters may include the latest date on which the limited liability company is to dissolve.

7. Number of pages attached, if any:

none

Type of business of the limited liability company.

Real Estate Investment

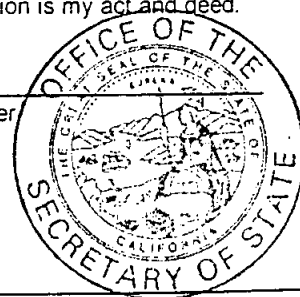
DECLARATION: It is hereby declared that I am the person who executed this instrument, which execution is my act and deed.

Paul D. Menzies
Signature of Organizer

Paul D. Menzies
Type or Print Name of Organizer

May 12, 1999

Date





a limited liability company

Levin Menzies Kelly
AND ASSOCIATES

Section 8

Montgomery Field LLC

Montgomery Field Business Park

CPA Reviewed Financial Statements



ARMSTRONG, BAGNASCO
& ASSOCIATES, LLP

MONTGOMERY FIELD, LLC

To whom it may concern:

We have compiled the accompanying forecasted balance sheet of Montgomery Field, LLC as of July 31, 1999, in accordance with standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of a forecast information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statement or assumptions. Furthermore, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Armstrong, Bagnasco & Associates, LLP

Armstrong Bagnasco & Associates, LLP

Walnut Creek, CA
July 1, 1999

Montgomery Field, LLC
Forecasted Balance Sheet
July 31, 1999 (Forecast)

Assets

Current Assets:

Cash on Hand \$ 250,000

Fixed Assets:

Property 4,157,000

Other Assets:

Loan Fees 117,000

TOTAL ASSETS

\$ 4,524,000

Liabilities

Long-Term Debt \$ 1,940,000

Equity

Member's Equity 2,584,000

TOTAL LIABILITIES & EQUITY

\$ 4,524,000

See accompanying notes and accountants' report.

MONTGOMERY FIELD, LLC

Notes to Forecasted Balance Sheet

Note 1 - Summary of Significant Forecast Assumptions

This financial forecast presents, to the best of management's knowledge and belief, the Company's expected financial position for the forecast period. Accordingly, the forecast reflects management's judgment as of July 1, 1999, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Business Activity

Montgomery Field, LLC (the "Company") is a limited liability company that has yet to be formed. The members have not yet been determined.

Property

Property is stated at forecasted purchase price of the buildings and improvements including costs of acquisition. The property has not yet been purchased and the costs are subject to change.

Other Assets

Other assets are forecasted loans fees incurred on financing the purchase of the buildings. Loan fees will be amortized on a straight-line basis over the length of the loan. The property has not yet been purchased and the costs are subject to change.

Note 2 - Summary of Significant Accounting Policies

The financial forecast has been prepared on the basis of the generally accepted accounting principles expected to be used in the financial statements covering the date of the forecast.

See accountants' compilation report

Note 3 - Bank Borrowings

The forecast assumes that the company will obtain long-term debt of \$4,577,000. The initial funding of \$1,940,000 will be used to purchase the property. The remaining \$2,637,000 will be available and used for tenant improvements, leasing commissions, base building repair and remodel.

Note 4 - Land Lease

The property is located on two leased parcels. The leases are set to expire in 2033 and 2034. The current total annual lease is \$99,660.60. As of July 31, 1999, parcel six has three years remaining on the current agreement and parcel seven has four years remaining, after which time the annual lease payments will be adjusted pursuant to the lease agreement.



Levin Menzies Kelly
AND ASSOCIATES

Section 8

Montgomery Field LLC

Montgomery Field Business Park

LLC Operating Agreement (Draft)

OPERATING AGREEMENT

OF

MONTGOMERY FIELD LLC
A California Limited Liability Company

DRAFT

This OPERATING AGREEMENT (this "Agreement") is entered into effective as of June 20, 1999, by and among the undersigned designated on the signature pages hereof as "Members," pursuant to the Beverly-Killea Limited Liability Company Act (the "Act") on the following terms and conditions:

1. THE COMPANY

1.1 Organization. The parties hereby organize a limited liability company under the laws of the State of California and upon the terms and conditions set forth in this Agreement.

1.2 Company Name. The name of the company shall be Montgomery Field LLC (the "Company").

1.3 Purpose. The sole purpose of the Company is to acquire the improvements on, and the lease-hold interest in, the real property which is commonly known as the Montgomery Field Business Park, located at 8525 Gibbs Drive, 8575 Gibbs Drive, 8665 Gibbs Drive, and 8690 Aero Drive, San Diego, CA (the "Project"), to own, hold, sell, assign, transfer, operate, lease, mortgage, pledge and otherwise deal with the Project, and to exercise all powers enumerated in the Act necessary or convenient to the conduct, promotion or attainment of the business or purposes otherwise set forth herein.

1.4 Principal Place of Business. The principal place of business of the Company shall be located at 1981 N. Broadway, Suite 415, Walnut Creek, CA 94596. The Manager may change the principal place of business of the Company upon notice to the Members.

1.5 Term. The term of the Company shall commence on the date the Articles of Organization are filed in the office of the Secretary of State of California and shall continue until the winding up and liquidation of the Company and its business is completed under Section 11.

1.6 Filings: Agent for Service of Process. The registered agent for service of process on the Company shall be Paul D. Menzies, 1981 N. Broadway, Suite 415, Walnut Creek, CA 94596, or any successor as appointed by the Manager in accordance with the Act.

1.7 Title to Property. All real and personal property owned by the Company shall be owned by the Company as an entity and no Member shall have any ownership interest in such property.

1.8 Independent Activities. The Manager, Members and their Affiliates shall be required to devote only such time to the affairs of the Company as may be reasonably necessary to manage and operate the Company. The Manager, Members and their Affiliates shall be free to

engage in other activities, whether or not the activities are competitive with the Company, and without any obligation to offer any interest in such activities to the Company, the Manager or any Member.

1.9 Definitions. Capitalized words and phrases used in this Agreement have the following meanings:

"Act" means the Beverly-Killea Limited Liability Company Act, as amended from time to time (or any corresponding provisions of succeeding law).

"Adjusted Capital Account Deficit" means the deficit balance, if any, in a Unit Holder's Capital Account as of the end of the relevant Fiscal Year, after giving effect to the adjustments that may be required or appropriate under the Regulations.

"Adjusted Capital Contributions" means, as of any day, a Unit Holder's Capital Contributions adjusted as follows:

(1) Reduced by the amount of cash and the fair market value of any Company Property distributed to such Unit Holder pursuant to Sections 3.1(b), 3.2(b) or 3.3(b) in the form of Net Cash from Operations, Net Cash from Refinancings or Net Cash from Sales and Section 11.2 in the form of proceeds upon liquidation of the Company.

(2) If applicable by virtue of future amendments or unexpected events, increased by the amount of any Company liabilities which are assumed by such Unit Holder such that the Company is relieved of primary liability therefor or are secured by any Company Property distributed to such Unit Holder; increased by any amounts actually paid by a Unit Holder to any Company lender; and reduced by any liabilities of a Unit Holder assumed by the Company or secured by Property Contributed to the Company.

The transferee of any Unit Holder shall succeed to the Adjusted Capital Contributions of the transferor to the extent of the transferred Units.

"Affiliate" means: (i) with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person (ii) with respect to a corporation, general partnership, limited partnership, trust or other association or entity, any officer, director, trustee or general partner thereof or (iii) with respect to an individual, the spouse, the issue, or the spouse of the issue of such individual, or any trust created for the benefit of any of them. As used herein, the term "control" shall include, without limitation, the ownership of 10% or more of the beneficial interest in the entity.

"Agreement" means this Operating Agreement, as amended from time to time.

"Capital Account" means the Capital Account maintained for each Unit Holder in accordance with the following provisions:

(1) To each Person's Capital Account there shall be credited such Person's Capital Contributions and the Person's share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 3.

(2) To each Person's Capital Account there shall be debited the amount of cash and the fair market value of any Property distributed to such Person pursuant to any provision of this Agreement, and such Person's share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Section 3.

(3) In the event an interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(4) The provisions of this Agreement relating to Capital Accounts shall be applied in a manner which complies with the Internal Revenue Code ("Code"), including Regulations Section 1.704-1(b). If the Manager determines that it is necessary to modify the computation of Capital Accounts, or any debits or credits thereto (including debits or credits relating to liabilities which are secured by contributions or distributed property or which are assumed by the Company or Unit Holders) in order to comply with the Code, the Manager may do so as long as it will not have a material adverse effect on the amounts distributed to any Person pursuant to Section 11 upon the dissolution of the Company.

(5) Amounts paid to any Member which under this Agreement are described as fees or are otherwise paid to a Member other than in his capacity as a Member shall not be debited to that Member's Capital Account except insofar as that Member's Capital Account is affected by the allocation of the resulting Company expense.

"Capital Contribution" means, with respect to any Unit Holder, the amount of money contributed to the Company with respect to the interest in the Company held by such Person.

"Code" means the Internal Revenue Code of 1986, as amended from time to time (or any corresponding provisions of succeeding law).

"Company" means the company formed pursuant to this Agreement.

"Contingent Capital Contribution" means, with respect to any Member, the amount of money, in addition to the Capital Contribution, that such Member has committed to fund to the Company at the Manager's request, pursuant to Section 2.1 of this Agreement.

"Dissolution Event" shall have the meaning set forth in Section 9.1.

"Fiscal Year" means (i) the period commencing on the effective date of this Agreement and ending on December 31, 1999, (ii) any subsequent twelve (12) month period commencing on January 1 and ending on December 31, or (iii) any portion of the period described in clause (ii) for which the Company is required to allocate Profits, Losses and other items of Company income, gain, loss or deduction pursuant to Section 3 hereof.

"Manager" means the Person(s) designated as such in Section 4.1 and their successors.

"Member" means any Person who executes a counterpart of this Agreement as a Member and any Person who subsequently is admitted as a Member of the Company.

"Membership Interest" means a Member's collective rights in the Company, including the Member's interest as a Unit Holder, any right to vote or participate in management, and any right to information concerning the business and affairs of the Company.

"Net Cash from Operations" means (a) all rental income and other income from ownership and operation of the Property including, without limitation, base rents, percentage rents, equipment rents, reimbursements from tenants for taxes, utilities, insurance, common area maintenance and parking fees, less (b) all costs of operation of the Property including, but not limited to, tenant improvements, leasing commissions, real estate taxes, property and liability insurance, utilities, management fees and other fees and reimbursements (including any fee payable to any Member or Manager of the Company or any of their Affiliates), the total of all debt service payments made (whether of principal or interest) and the amounts of all reserves and impounds made or required to be made in respect of all loans encumbering the Property (including any subsequent loans), and any and all costs (including capital expenditures) incurred by the Company in an attempt to enhance the value of the Property, and any reserves established by the Manager for any of such categories of costs.

"Net Proceeds from Refinancings" means (a) the gross cash proceeds from any refinancing of the Property which replaces or supplements the original acquisition financing, less (b) application fees and costs of reports required by the lender (such as appraisals, physical reports and environmental reports, and all other reports or information that may be required by the lender), loan fees (including any payable to any Member or to the Manager or any of its Affiliates), points, brokerage commissions, attorneys' fees, all other closing costs and expenses, the sum utilized to pay off or pay down the outstanding balance of loans then encumbering the Property, and the sum utilized to maintain or improve the property or to defray costs of operations or to establish reserves therefor as determined by the Manager.

"Net Proceeds From Sale" means (a) the gross cash proceeds from the disposition of the Property (but specifically excluding the value of any promissory note or other non-cash consideration received by the Company), less (b) all costs and expenses incurred by the Company in connection with the disposition of the Property, including, without limitation, brokerage commissions (including any payable to any Member or to the Manager or any of its Affiliates), closing costs, legal costs, title insurance expenses and transfer taxes and all other unreimbursed costs or expenses incurred by the Company in connection with the disposition of the Property, and all amounts necessary to pay all obligations of the Company (including the outstanding balance of all loans then encumbering the Property, including principal, interest and all other sums accrued thereon). "Net Cash From Sales" shall include all principal payments with respect to obligations received by the Company in connection with sales and other dispositions (other than in the ordinary course of business) of Property.

"Original Member" means any Person who executes a counterpart of this Agreement as a Member in connection with the original capitalization of the Company.

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

"Priority Return" means an amount, for each Member, equal to twelve percent (12%) per annum computed on such Member's Adjusted Capital Contributions as they may be from time to time, cumulated but not compounded.

"Profits" and "Losses" means, for each Fiscal Year, an amount equal to the Company's taxable income or loss for such Fiscal Year, determined in accordance with applicable provisions of the Code and the Regulations.

"Property" means the Project and all real and personal property acquired at any time by the Company relating to the Project and any improvements thereto, and shall include both tangible and intangible property.

"Regulations" means the Income Tax Regulations, including Temporary Regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Transfer" means, as a noun, any voluntary or involuntary direct or indirect sale, assignment, gift, transfer by will or operation of law on death, pledge, creation of a lien or security interest in, or any other form of transfer or disposition; and, as a verb, to do or agree to do any of the foregoing voluntarily or involuntarily.

"Unit" means an outstanding ownership interest in the Company representing an interest in Profits and Losses and a Capital Account determined as provided in this Agreement and all applicable benefits and obligations of this Agreement.

"Unit Holder" means (i) any Member and (ii) any transferee of a Member who has not been admitted to the Company as a Member. "Unit Holders" means all such Persons.

2. MEMBERS' CAPITAL CONTRIBUTIONS

2.1 Contribution. The Capital Contribution and the number of Units held by the undersigned Member are set forth in Exhibit A, which is incorporated in this Agreement by this reference.

2.2 Equity Capitalization. The Manager is authorized to admit Persons who purchase Units as Members. The equity capitalization of the Company to be contributed by the Original Members shall be as set forth on Exhibit A. The equity capitalization of the Company to be contributed by the Members other than the Original Members shall be as the Manager in its discretion shall from time to time determine. The Members shall not be required to make any Capital Contributions beyond those set forth on Exhibit A, but the provisions of Section 2.4 shall apply to them if they fail to make contributions as called for under that Section.

2.3 Debt Capitalization. The Manager is authorized to arrange for debt financing in any amount and on any terms it deems advisable, which terms may include contingent interest. The Manager is authorized to issue notes and other instruments evidencing the Company's obligations, which may have such terms and conditions as the Manager may determine.

2.4 Additional Capital. If Company capital and revenues are insufficient to meet its cash requirements and the Company is unable to obtain loans on terms the Manager deems acceptable, the Manager may cause the Company to issue additional Membership Interests in exchange for additional contributions to the capital of the Company, on such terms as are determined by the Manager, which may include priority over existing Membership Interests as to economic interests, voting rights and participation in management. The additional Membership Interests shall be offered first to the existing Members in proportion to the number of Units held by them and, in the event any Member fails to purchase any or all of his respective share, the remaining unsold Membership Interests may then be offered to others, including other Members. Notwithstanding any provision of this Agreement to the contrary, the Manager shall cause this Agreement to be amended to reflect the sale of additional Membership Interests, the admission of additional Members and any changes in allocations of economic interests, voting rights and participation in management.

2.5 Return of Capital. No Member or Unit Holder shall have any right to demand or receive a return of a Capital Contribution at any time other than as provided for by this Agreement. A Member or Unit Holder may not withdraw from the Company and seek payment of the value of his or her interest from the Company, or any other distribution which is not expressly provided for by this Agreement. The Manager and its Affiliates shall have no corporate, personal or other liability to repay any Capital Contribution to Members or Unit Holders.

2.6 No Other Payments. No interest shall be paid on any Capital Contribution to the Company. If any Member does not accept the amount of any distribution to which he or she is entitled under this Agreement, the Member shall not be entitled to receive any interest upon such amount. No Member shall have a right to receive any Property other than cash under this Agreement, and all Members waive and release any rights to seek a partition or other similar procedure or remedy with respect to the Company. No Member shall be entitled to any salary or draw rights from the Company except as expressly provided for in this Agreement.

3. DISTRIBUTIONS AND ALLOCATIONS

3.1 Net Cash From Operations. Except as otherwise provided in Section 11.2, Net Cash From Operations, if any, shall be distributed monthly in the following order and priority:

(a) First, to Unit Holders entitled to any current or accrued and unpaid Priority Return pro rata in reduction of such entitlement until it is reduced to zero;

(b) Second, to Unit Holders in such a manner that the aggregate of all current and prior distributions made under clauses (a), (b) and (c) of this Section 3.1 (including any Priority Return) are in proportion to the number of Units held by each of them, and

(c) The balance, if any, to all Unit Holders in proportion to the number of Units held by them.

The Manager shall make every reasonable effort to cause the Company to make distributions sufficient to allow the Unit Holders to pay income taxes on their respective distributable shares of Company taxable income assuming a tax at the highest marginal federal rate.

3.2 Net Proceeds From Refinancings. Except as otherwise provided in Section 11.2, Net Proceeds From Refinancings shall be distributed, at such times as the Manager may determine, in the following order and priority:

(a) First, to the Unit Holders with positive Adjusted Capital Contributions balances in proportion to such balances until such balances have been reduced to zero;

(b) Second, to Unit Holders entitled to any current or accrued and unpaid Priority Return pro rata in reduction of such entitlement; and

(c) Third, in accordance with a computation made as follows: A sum equal to all amounts previously distributed as Net Cash From Operations under Section 3.1 or as Net Proceeds of Refinancings under clause (b) of this Section 3.2 or this Clause (c) shall be added to the amount currently available for distribution as Net Proceeds From Refinancings. The resultant sum shall be provisionally allocated for distribution to the Unit Holders in proportion to the number of Units held by them. Each Unit Holder's provisional allocation shall then be reduced by the aggregate amounts of Net Cash From Operations or Net Proceeds of Refinancings previously distributed to such Unit Holder under Section 3.1 or clause (b) of this Section 3.2 or this clause (c), if any; and that portion of the available Net Proceeds of Refinancings which is equal to a Unit Holder's allocation as so reduced shall be distributed to that Unit Holder. For purposes of this clause (c) "previously" shall mean at any time up to and immediately preceding the distribution currently to be made under this clause (c).

3.3 Net Proceeds From Sale. Except as otherwise provided in Section 11.2, Net Proceeds From Sale shall be distributed, at such times as the Manager may determine, in the following order and priority:

(a) First, to the Unit Holders with positive Adjusted Capital Contributions balances in proportion to such balances until such balances have been reduced to zero;

(b) Second, to Unit Holders entitled to any current or accrued and unpaid Priority Return pro rata in reduction of such entitlement; and

(c) Third, in accordance with a computation made as follows: A sum equal to all amounts previously distributed as Net Cash From Operations under Section 3.1 or as Net Proceeds From Refinancings under clause (b) or (c) of Section 3.2 or as Net Proceeds of Sale under clause (b) of this Section 3.3, shall be added to the amount currently available for distribution as Net Proceeds From Sale. The resultant sum shall be provisionally allocated for distribution to the Unit Holders in proportion to the number of Units held by them. Each Unit Holder's allocation shall then be reduced by the aggregate amounts of Net Cash From Operations under Section 3.1 or Net Proceeds From Refinancings under clause (b) or (c) of Section 3.2; and that portion of the available Net Proceeds of Sale which is equal to a Unit Holder's allocation as so reduced shall be distributed to that Unit Holder. For purposes of this clause (c) "previously"

shall mean at any time up to and immediately preceding the distribution currently to be made under this clause (c).

3.4 Profits. After giving effect to the special allocations set forth in Section 3.6, Profits for any year shall be allocated to the Unit Holders as set forth below.

(a) First, ratably to the Unit Holders who have received allocations of Losses under clause (b) of Section 3.5 in an amount equal to the excess, if any, of (i) the cumulative Losses allocated to them pursuant to clause (b) of Section 3.5 for all prior years, over (ii) the cumulative Profits allocated to them pursuant to this clause (a) for all prior years;

(b) Second, to any Unit Holders receiving any distributions in that year in respect of their Priority Returns, an amount equal to such distributions;

(c) Third, to any Unit Holders receiving any distributions in that year under clause (b) or (c) of Section 3.1 or under clause (c) of Section 3.2 or under clause (c) of Section 3.3, an amount equal to the portion of such distributions which is attributable to income or gain of the Company in the amounts necessary to cause the cumulative Profits distributed to the Unit Holders to be in accordance with the amounts so distributed; and

(d) The balance, if any, to all Unit Holders in proportion to the number of Units held by them.

3.5 Losses. After giving effect to the special allocations set forth in Section 3.6, Losses for any year shall be allocated as set forth in clause (a) below, subject to the limitation in clause (b) below.

(a) Losses for any year shall be allocated to the Unit Holders in proportion to the number of Units held by them.

(b) The Losses allocated pursuant to clause (a) hereof shall not exceed the maximum amount of Losses that can be so allocated without causing any Unit Holder to have an Adjusted Capital Account Deficit at the end of any year. All Losses in excess of the limitations set forth in this clause (b) shall be allocated ratably to the other Unit Holders to whom such Losses can be allocated without violation of the limitation set forth in this Clause (b).

In characterizing Profits and Losses, that portion of the Profits which constitutes ordinary income as a result of the application of Sections 1245 and 1250 of the Code shall be allocated in the same manner as the accelerated portion of the depreciation which gave rise to the recapture originally allocated to the Unit Holders. If an election under section 754 of the Code is in effect with respect to the Membership Interest of any Unit Holder, the allocation of items of income, deduction, gain or loss to that Unit Holder shall be governed by Regulation under Section 1.704-(b)(2)(iv)(m).

3.6 Special Allocations. The Members acknowledge that the Regulations may require allocations of Profits, Losses, or items thereof in a manner which varies from the general provisions of Sections 3.1 through 3.5, including allocations in respect of such matters known as "minimum gain charge back," "qualified income offset," "gross income allocation," "nonrecourse

deductions," "Section 754 adjustments," "Section 704(c)" provisions relating to any Property which may be contributed to the Company, and items relating to the issuance of Units. The Manager is authorized and directed to make such allocations as may be required by the Regulations, and also to make any offsetting allocations otherwise permissible under the Code so that the foregoing required allocations do not adversely affect the intended pattern of distributions under Section 3, in each case upon advice or consultation with the Company's regularly retained accountant.

3.7 Other Allocation Rules. For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Manager using any permissible method under Code Section 706 and the Regulations thereunder.

3.8 Power of Manager to Vary Allocations. If necessary to comply with the Code or Regulations, or to equalize Capital Accounts of Members admitted on different dates during the initial placement of Units, or to account for unforeseen events or changes in tax laws, the Manager shall be permitted to make special allocations for any period or amend the provisions of this Section 3 to the minimum extent needed to account for the foregoing matters so long as the share of distributions among the Unit Holders as stated in this Section 3 is not materially changed.

3.9 Amounts Withheld. The Manager is authorized to withhold from distributions or with respect to allocations and to pay over to any federal, state or local government any amounts required to be so withheld pursuant to any federal, state or local law. Amounts withheld pursuant to any law shall be treated as amounts distributed for all purposes under this Agreement.

4. MANAGEMENT

4.1 Manager. The Company shall be managed by a Manager or Managers who may be, but need not be, Members. Levin Menzies Kelly And Associates LLC, a California limited liability company, is hereby designated to serve as the initial Manager. Successor Manager(s) may be appointed by the vote or written consent of Members holding more than fifty percent (50%) of the Units held by Members.

4.2 Authority of Manager. Except for the restrictions specifically set forth in this Agreement, the Manager shall have the sole and exclusive right to manage the business of the Company, including the right, acting together or separately, on behalf of the Company to do the following:

- (a) Acquire by purchase, lease, or otherwise any real or personal property which may be necessary or incidental to the purposes of the Company;
- (b) Acquire, operate, maintain, finance, improve, construct, own, grant options with respect to, sell, convey, assign, mortgage, and lease the Property;
- (c) Borrow money and issue evidences of indebtedness for Company purposes;

(d) Execute, in furtherance of Company purposes, any deed, lease, mortgage, deed of trust, bill of sale, contract, or other instrument conveying or encumbering any or all of the Property;

(e) Prepay in whole or in part, refinance, renew, increase, modify, or extend any liabilities affecting the Property;

(f) Distribute funds to the Manager and Unit Holders in accordance with the provisions of this Agreement;

(g) Contract on behalf of the Company for the services of employees and/or independent contractors, such as lawyers and accountants;

(h) Engage in any kind of activity and perform and carry out contracts of any kind (including contracts of insurance covering risks to Property and Manager's liability) necessary or incidental to the activities or purposes of the Company;

(i) Make all elections for federal, state, and local tax purposes;

(j) Institute, defend, settle, and dismiss lawsuits or other proceedings involving the Company or its Property;

(k) Admit transferees of Units as Members.

4.3 Right to Rely on Manager.

(a) Any Person dealing with the Company may rely (without duty of further inquiry) upon a certificate signed by the Manager or any one of its three principals (Marvin T. Levin, Paul D. Menzies, and D. Michael Kelly) as to the identity of the Manager or any Member; any facts germane to the affairs of the Company; and the Persons who are authorized to execute and deliver any instrument or document of the Company.

(b) The signature of any one of Manager's three principals (i.e., Marvin T. Levin, Paul D. Menzies, or D. Michael Kelly) alone shall be necessary and sufficient to convey title to any Property owned by the Company or to execute any promissory notes, trust deeds, or other instruments or certificates relating to the Company, or, subject to the restrictions set forth in Section 5.4 and elsewhere in this Agreement, to take any other action on behalf of the Company. A copy of this Agreement may be shown to third parties in order to confirm its terms. This provision shall not be construed to impair any rights of approval granted by this Agreement to the Members.

4.4 Restrictions on Authority of Manager. Notwithstanding Section 4.2 or other revisions of this Agreement, the Manager shall not do any of the following without the approval of Members holding more than 50% of the Units (but the Manager may do any of the following with the approval of Members holding more than 50% of the Units):

(a) Cause or permit the Company to engage in any activity that is not consistent with the purposes of the Company as set forth in Section 1.3 hereof;

- (b) Knowingly do any act in contravention of this Agreement;
- (c) Knowingly do any act which would make it impossible to carry on the ordinary business of the Company, except as otherwise provided in this Agreement;
- (d) Confess a judgment against the Company;
- (e) Possess Property, or assign rights in specific Property, for other than a Company purpose;
- (f) Cause the Company to voluntarily take any action that would cause a bankruptcy of the Company;
- (g) Cause the Company to acquire any equity or debt securities of the Manager or any of its Affiliates, or otherwise make loans to the Manager or any of their Affiliates; or
- (h) Accept any consideration other than cash or secured promissory notes in connection with a sale of all or substantially all of the Property of the Company.

Notwithstanding Section 4.2 or other provisions of this Agreement, for so long as a mortgage lien exists on the Property the Manager shall not do the following:

- (i) Cause the Company to voluntarily commence a case with respect to itself, as debtor, under the Federal Bankruptcy Code or any similar federal or state statute, without the approval of all the Members.

4.5 Duties and Obligations of Manager.

(a) The Manager shall conduct the Company's business and operations separate from any other activities, including (i) not allowing funds or other assets of the Company to be commingled with the funds or other assets of the Manager or its Affiliates, (ii) maintaining books and financial records of the Company separate from the books and financial records of the Manager and its Affiliates, (iii) causing the Company to pay its liabilities from assets of the Company, and (iv) causing the Company to conduct its dealings with third parties in its own name and as a separate entity.

(b) The Manager shall cause the Company to carry such insurance as is customary in the business in which the Company is engaged.

4.6 Limitation of Liability and Indemnification of Manager.

(a) Any return of capital and profits to the Members shall be made, if at all, solely from the assets and business of the Company, and none of the Members, Manager or its Affiliates shall have any liability to return capital or profits to any Person;

(b) The Manager and its Affiliates shall not be liable to the Company or the Unit Holders for any act or omission in connection with the business or affairs of the Company so long as the Person against whom liability is asserted acted in good faith on behalf of the Company and in a manner reasonably believed by the Person to be within the scope of authority under this Agreement.

(c) The Company or its successor, trustee or receiver shall indemnify, defend and hold harmless the Manager and its Affiliates against and from all claims, demands, actions, losses, liabilities, damages, costs, fines, penalties, fees, taxes, interest, and expenses (including reasonable attorneys' fees incurred in investigating or defending all such matters) which in whole or in part arise out of or in any way relate to hazardous substances in, on, under or about Property of the Company; environmental laws to which the Company or its Property may be subject; options, offers, deposits, agreements or other obligations incurred by the Manager in connection with Company purposes; matters arising under federal or state securities laws; and/or any other matters or aspects of the Company or its business or affairs (notwithstanding any alleged active or passive negligence on the part of any indemnitee). However, this indemnification shall apply only if the Person against whom a claim, action, or demand is asserted, has acted in good faith on behalf of the Company, and in a manner reasonably believed by the Person to be within the scope of authority under this Agreement and in the best interests of the Company, and only if the act or omission underlying the claim or other matter did not constitute gross negligence or reckless or willful misconduct. The termination of any action or proceeding by judgment, settlement, or other resolution shall not create a presumption that any Person's act or omission constituted gross negligence or reckless or willful misconduct.

(d) The Company or its successor, trustee or receiver shall reimburse, indemnify, defend and hold harmless the Manager, Members and their respective Affiliates against and from all claims, demands, actions, losses, liabilities, damages, costs, fines, penalties, fees, taxes, interest and expenses (including reasonable attorneys fees incurred in investigating or defending all such matters) which in whole or in part arise out of or in any way relate to the performance by the indemnitee hereunder of any obligations of the Company, including without limitation the obligations of the Company arising under any loan to the Company for or relating to the acquisition by the Company of any property and whether or not such loan is recourse or non-recourse in nature, whether the performance by such indemnitee is undertaken in accordance with the terms of any contract of guarantee or surety, as co-obligor on any indebtedness, or otherwise.

(e) The satisfaction of the indemnification obligations of the Company under this Section 4.6 shall be from and limited to the assets of the Company. No Member shall have any personal liability for these Company obligations. The Manager shall have the right to require the Company to advance all expenses and costs of defense and pay all amounts which the Manager believes in good faith should be paid to any Person under this Section 4.6, except that in any legal or arbitration proceeding between the Manager and one or more Members, such advance or payment, prior to resolution of the matter, shall not be made without the prior written approval of Members holding more than fifty percent (50%) of the Units.

4.7 Compensation and Expenses of Manager.

(a) Prohibition Against Fees. Except as is otherwise expressly provided in this Agreement, the Company shall not pay the Manager or its Affiliates any selling commissions or finder's fees on the offer and sale of Units, any property management fee, any construction supervision fee, any leasing commission override or any reimbursement in respect of their overhead expenses.

(b) Direct Expenses. The Company shall pay, or reimburse the Manager and its Affiliates for, all reasonable direct costs and expenses, including legal and accounting fees, incurred in the organization of the Company, the offer and sale of Units and the acquisition of Property. The Manager is authorized to cause the Company to reimburse all funds advanced by the Manager or its Affiliates for the purchase of Property acquired for Company purposes. During the term of the Company and until final liquidation and distribution of all Property, the Company shall reimburse the Manager for all reasonable direct expenses allocable to the conduct of the business and affairs of the Company, including but not limited to travel and lodging expenses, accounting, legal and other professional fees, telephone, insurance, bookkeeping, and related costs, and other direct expenses attributable to the Company's business.

(c) Property Management Reimbursement Fee. The Manager shall manage or cause to be managed the Project. It is contemplated that the Managers shall retain the services of a third party (the "Subcontractor"), which may, or may not, be an affiliate of the Manager to perform such function. As compensation therefor, the Manager shall receive a Property Management Reimbursement Fee equal to Five Percent (5%) of actual annual rent collections (excluding common area reimbursements or other recapturable expenses) and shall reimburse the Manager, and any Subcontractor for all direct expenses of management of the Project including, but not limited to, air fares, car rentals, meals and hotel accommodations.

(d) Other Reimbursement Fees. The Manager shall also receive from the Company: (a) at the time the Property is acquired by the Company an Acquisition Expense Reimbursement Fee equal to one and one-half percent (1.5%) of the acquisition cost of the Property to reimburse Manager for its due diligence costs, Company organizational expenses, and all other legal, administrative, and out-of-pocket costs associated with the acquisition of the Property; (b) an annual Value Enhancement Cost Reimbursement Fee equal to one-half of one percent (0.5%) of the value of the Project, payable in quarterly installments, at the end of each quarter, with the value of the Project to be determined by dividing the annualized net operating income from the Project at the end of such quarter by a capitalization rate of eight and one-half of one percent (8.5%); (c) a Refinancing Reimbursement Fee on any refinancing of the Project equal to one percent (1%) of the gross amount of any new or increased loan to the Company secured by the Property, excluding loans originally used to acquire the Property, and (d) on any disposition of the Property, a Disposition Reimbursement Fee not exceeding four percent (4%) of the sales price, some or all of which it is contemplated shall be paid to third-party real estate brokers. The Manager shall not be entitled to any other fee or commission without the written consent of Members holding more than fifty percent (50%) of all Units held by Members.

If any reimbursement fees specified in this Section 4.7 are not paid currently to the Manager, such fees will accrue and shall bear interest at nine percent (9%) per annum until paid in full. The amount of all accrued fees, if any, due to the Manager and all interest accrued

thereon, shall be paid in full before any distributions are made to the Unit Holders pursuant to Section 3 of this Agreement.

4.8 Limited Liability. The Manager shall not be personally liable under any judgment of a court, or in any other manner, for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise, solely by reason of being the Manager of the Company.

5. MEMBERS

5.1 Limited Liabilities. Except as expressly set forth in this Agreement or required by law, no Member shall be personally liable for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise.

5.2 Withdrawals or Resignations. No Member may withdraw or resign from the Company.

5.3 Remuneration To Members. Except as otherwise specifically provided in this Agreement, no Member is entitled to remuneration for acting in the Company business.

5.4 Members Are Not Agents. Pursuant to Section 4, the management of the Company is vested in the Manager. The Members shall have no power to participate in the management of the Company except as expressly authorized by this Agreement or the Amended and Restated Certificate of Formation and except as expressly required by law. No Member, acting solely in the capacity of a Member, is an agent of the Company nor does any Member, unless expressly and duly authorized in writing to do so by the Manager, have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, to execute any instrument on its behalf or to render it liable for any purpose.

5.5 Voting Rights. Except as expressly provided in this Agreement or the Amended and Restated Certificate of Formation, Members shall have no voting, approval or consent rights. Members shall have the right to approve or disapprove matters as specifically stated in this Agreement.

5.6 Meetings of Members.

(a) Date, Time and Place of Meetings of Members. Meetings of Members may be held at such date, time and place as the Manager may fix from time to time. No annual or regular meetings of Members are required. At any Members' meeting, the Manager shall appoint a person to preside at the meeting and a person to act as secretary of the meeting. The secretary of the meeting shall prepare minutes of the meeting which shall be placed in the minute books of the Company.

(b) Power to Call Meetings. Meetings of the Members may be called by the Manager, or upon written demand of Members holding more than twenty percent (20%) of the Units for the purpose of addressing any matters on which the Members may vote.

(c) Notice of Meeting. Written notice of a meeting of Members shall be sent or otherwise given to each Member in accordance with Section 13.1 not less than ten (10) nor

more than sixty (60) days before the date of the meeting. The notice shall specify the place, date and hour of the meeting and the general nature of the business to be transacted. No other business may be transacted at this meeting. Upon written request to the Manager by any person entitled to call a meeting of Members, the Manager shall immediately cause notice to be given to the Members entitled to vote, that a meeting will be held at a time requested by the persons calling the meeting, not less than ten (10) days nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after the receipt of the request, the person entitled to call the meeting may give the notice.

(d) Validity of Action. Any action approved at a meeting, other than by unanimous approval of those entitled to vote, shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice.

6. BOOKS AND RECORDS

6.1 Books and Records. The Company shall maintain at its principal place of business, or such other location as the Manager shall designate, separate books of accounts for the Company which shall show a true and accurate financial record of the operation of the Company's business in accordance with generally accepted accounting principles consistently applied with any modifications needed to reflect the provisions of this Agreement. The Company shall use the accrual method of accounting in preparation of its annual reports and for tax purposes and shall keep its books and records accordingly. Any Member or his or her designated representative shall have the right, at any reasonable time, to inspect and copy the Company's books or records.

6.2 Reports.

(a) Annual Reports. Within ninety (90) days after the end of each Fiscal Year and at such time as distributions are made to the Members following dissolution of the Company (pursuant to Section 12), the Manager shall cause to be prepared and furnished to each Member unaudited financial statements including the following:

- (1) A copy of the balance sheet of the Company as of the last day of such Fiscal Year;
- (2) A statement of income or loss for the Company for such Fiscal Year;
- (3) A statement of the Unit Holders' Capital Accounts and changes therein for such Fiscal Year; and
- (4) A statement of Company cash flow for such Fiscal Year.

(b) Other Reports. The Manager may, but is not obligated to, provide other interim reports concerning the Company's activities.

6.3 Tax Information. Necessary tax information shall be delivered to each Unit Holder after the end of each Fiscal Year of the Company together with the annual reports described in Section 6.2.

7. AMENDMENTS

7.1 Procedures. Amendments to this Agreement may be proposed by the Manager or by Members holding twenty percent (20%) or more of the Units. Following such proposal, the Manager shall submit to the Members a verbatim statement of any proposed amendment, and the Manager shall include in any such submission a statement of the Manager's position as to the proposed amendment.

7.2 General Percentage Vote. An amendment proposed under Section 7.1 shall be adopted and be effective as an amendment hereto if it receives the affirmative vote or written consent of the Manager, and of Members holding more than fifty (50%) of the Units held by Members.

7.3 Exception to General Percentage Vote. Notwithstanding Sections 4.3 and 7.2 hereof, and except as specifically provided otherwise in this Agreement, this Agreement shall not be amended without the consent of each Member adversely affected if such amendment would (a) eliminate or adversely affect the limited liability of a Member, (b) increase a Member's required Capital Contributions or alter the interest of a Member in Profits, Losses, other items, or any Company distributions in a manner not contemplated by Section 3 or the other express provisions of this Agreement (except that a Member's interest may be reduced or otherwise altered by any amendment approved under Section 2 in order to obtain additional Capital Contributions from existing or additional Members), (c) modify or revoke this Section 7.3, or modify or revoke Section 4.4 (i).

7.4 Action Without Vote. Notwithstanding other provisions of Section 7 above, amendments in appropriate form shall be made or filed by the Manager when necessary or appropriate to reflect events described below. Such amendments shall not require the vote, approval or written consent of the Members. The following events are subject to amendment under this Section 7.4: (a) a change in name of agent for service of process for the Company, (b) a change in location of the principal place of business of the Company so long as the office is located in California, (c) a change in the name of a Member, (d) a change in address of a Member, (e) a Person, after otherwise complying with this Agreement, is to be admitted as an additional or substituted Member, (f) any change authorized by other specific provisions of this Agreement, or (g) a change to comply with California law, the Code, federal or state securities laws, or other applicable law, so long as such change does not adversely affect any Member.

7.5 Form of Amendment. No amendment or modification to this Agreement shall be effective for any purpose unless it is in writing and executed by the Manager.

7.6 Effect of Specified Votes or Written Consents. Where any change, action or matter is specifically permitted by any provision of this Agreement other than under this Section 7, approval thereof in accordance with this Agreement shall not be deemed an amendment of this Agreement or a change in the rights, preferences or privileges of the Units, but instead shall be deemed approved and undertaken pursuant to this Agreement.

8. TRANSFERS OF UNITS

8.1 Restriction on Transfers. Except as otherwise permitted in this Section 8, no Unit Holder shall Transfer all or any portion of his or her Units.

8.2 Permitted Transfers. Subject only to the restrictions in Section 8.3, a Unit Holder may at any time Transfer all or any portion of his or her Units to (a) any other Unit Holder, (b) any member of the transferor's family, (c) any Affiliate of the transferor, (d) the transferor's executor, administrator, trustee, or personal representative to whom such Units are transferred at death or involuntarily by operation of law, (e) any Purchaser in accordance with Section 8.4 hereof, or (f) any Person first approved in the sole discretion of the Manager. A Unit Holder's "family" shall include only the Unit Holder's spouse, natural or adoptive lineal ancestors or descendants, and trusts for their exclusive benefit.

8.3 Conditions to Permitted Transfers. A Transfer shall not be permitted under Section 8.2 unless and until (a) the Manager is reasonably satisfied that the transferee has signed appropriate documents evidencing the transferee's agreement to be bound by this Agreement and that the transferor has signed appropriate documents evidencing the Transfer, and (b) the transferee at its expense has furnished such information about the transferee that the Manager has reasonably requested, and (c) the Manager is reasonably satisfied that the Transfer (other than by reason of death or other involuntary cause) will not cause the Company to terminate for income tax purposes, will not have any material adverse effect on the Company, other Members, or Company operations, and will not violate any applicable law.

8.4 Right of First Refusal. In addition to the other limitations and restrictions set forth in this Section 8, and except as permitted by Section 8.2 hereof, no Unit Holder shall Transfer all or any portion of his Units (the "Offered Units") unless such Unit Holder (the "Seller") first offers to sell the Offered Units pursuant to the terms of this Section 8.4.

(a) Limitation on Transfers. No Transfer may be made under this Section 8.4 unless the Seller has either: (i) received a bona fide written offer (the "Purchase Offer") from a Person (the "Purchaser") to purchase the Offered Units for a purchase price (the "Offer Price") denominated and payable in United States dollars at closing or according to specified terms, with or without interest, which offer shall be in writing signed by the Purchaser and shall be irrevocable for a period ending no sooner than the day following the end of the Offer Period, as hereinafter defined, or (ii) given each other Member written notice of the Offer Price denominated and payable in United States dollars at closing or according to specified terms, with or without interest, for which the Seller intends to offer the Offer Units for sale ("Sale Terms Notice"), and in either case the requirements of this Section 8.4 have been fully satisfied.

(b) Offer Notice. Prior to making any Transfer that is subject to the terms of this Section 8.4, the Seller shall give to the Company and each Member written notice (the "Offer Notice") which shall include a copy of the Purchase Offer (if the Seller has received an offer under paragraph (a)(i) above), and an offer (the "Firm Offer") to sell the Offered Units to the Members and the Manager (the "Offeree") for the Offer Price, payable according to the same terms as (or more favorable terms than) those contained in the Purchase Offer or the Sale Terms Offer, as the case may be, provided that the Firm Offer shall be made without regard to the requirement of any earnest money or similar deposit required of the Purchaser prior to closing.

(c) Offer Period. The Firm Offer shall be irrevocable for a period (the "Offer Period") ending at 11:59 p.m., local time, at the Company's principal place of business, on the ninetieth (90th) day following the date of the Offer Notice.

(d) Acceptance of Firm Offer. At any time during the first sixty (60) days of the Offer Period, any Offeree who is a Member may accept the Firm Offer as to all or any portion of the Offered Units, by giving written notice of such acceptance to the Seller and the Manager, which notice shall indicate the maximum Units that such Offeree is willing to purchase. In the event that within the first sixty (60) days of the Offer Period, Offerees who are Members ("Accepting Offeree"), in the aggregate, accept the Firm Offer with respect to all of the Offered Units, the Firm Offer shall be deemed to be accepted, and each such Accepting Offeree shall be deemed to have accepted that portion of the Offered Units that corresponds to the ratio of the Units that such Accepting Offerees indicated a willingness to purchase to the aggregate Units all Accepting Offerees indicated a willingness to purchase. At any time after the sixtieth (60th) day of the Offer Period, the Manager may accept the Firm Offer as to any portion of the Offered Units that has not been previously accepted by giving written notice of such acceptance to the Seller. In the event that Offerees including the Manager ("Accepting Offeree"), in the aggregate, accept the Firm Offer with respect to all of the Offered Units, the Firm Offer shall be deemed to be accepted. If Offerees do not accept the Firm Offer as to all of the Offered Units during the Offer Period, the Firm Offer shall be deemed to be rejected in its entirety.

(e) Closing of Purchase Pursuant to Firm Offer. In the event that the Firm Offer is accepted, the closing of the sale of the Offered Units shall take place within thirty (30) days after the Firm Offer is accepted or, if later, the date of closing set forth in the Purchase Offer. The Seller and all Accepting Offerees shall execute such documents and instruments as may be necessary or appropriate to effect the sale of the Offered Units pursuant to the terms of the Firm Offer and this Section 8.

(f) Sale Pursuant to Purchase Offer If Firm Offer Rejected. If the Firm Offer is not accepted in the manner hereinabove provided, the Seller may sell the offered Units to the Purchaser, or to any third party in the case where a Sale Terms Notice has been given, at any time within sixty (60) days after the last day of the Offer Period, provided that such sale shall be made on terms no more favorable to the Purchaser or such third party, as the case may be, than the terms contained in the Purchase Offer or Sale Terms Notice and provided further that such sale complies with other terms, conditions, and restrictions of this Agreement that are applicable to sales of Units and are not expressly made inapplicable to sales occurring under this Section 8.4. In the event that the Offered Units are not sold in accordance with the terms of the preceding sentence, the Offered Units shall again become subject to all of the conditions and restrictions of this Section 8.4.

8.5 Prohibited Transfers. Any purported Transfer which violates or does not satisfy any provision of this Section 8 shall be null and void and of no effect whatever except to the extent the Manager in its sole discretion elect to recognize that Transfer.

8.6 Rights of Unadmitted Assignees. A Person who acquires Units but who is not admitted as a substituted Member pursuant to Section 8.7 shall be entitled only to allocations and distributions with respect to such Units in accordance with this Agreement, and shall not have any other rights of a Member under this Agreement.

8.7 Admission of Unit Holders as Members. Subject to the other provisions of this Section 8, a transferee of Units may be admitted to the Company as a substituted Member only upon satisfaction of the conditions set forth below in this Section 8.7:

(a) The Manager, and Members holding more than 50% of the Units held by Members (other than any Member who was the transferor of the Units in question), consent to such admission, which consent may be given or withheld in the sole and absolute discretion of the Manager and Members; and

(b) The transferee becomes a party to this Agreement as a Member and executes such documents as the Manager may reasonably request to confirm such transferee as a Member in the Company and such transferees agreement to be bound by this Agreement.

8.8 Distributions and Applications in Respect to Transferred Units. If any Unit is sold, assigned, or Transferred during any Fiscal Year in compliance with the provisions of this Section 8, Profits, Losses and each item thereof, and all other items attributable to the Transferred Unit for such Fiscal Year shall be divided and allocated between the transferor and the transferee by taking into account their varying Units during such Fiscal Year in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Manager. All distributions on or before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the transferee.

8.9 Expenses. The Company shall have the right to collect from any Unit Holder who Transfers Units reasonable reimbursement of Company accounting, legal or other expenses incident to that Transfer.

9. CONSEQUENCES OF DISSOLUTION EVENTS; REMOVAL OF MANAGER

9.1 Dissolution Event. Upon the occurrence of the death, insanity, withdrawal, registration, retirement, expulsion, bankruptcy or dissolution of a Member who is also a Manager, or if no Manager is also a Member, the occurrence of any of the foregoing with respect to any Member ("Dissolution Events"), the Company shall dissolve unless the remaining Members ("Remaining Members") holding a majority of the Units which all Remaining Members hold, consent within ninety (90) days of the Dissolution Event to the continuation of the business of the Company.

9.2 Removal of Manager. Members holding more than fifty percent (50%) of the Units held by Members may remove a Manager only for cause consisting of a material breach of that Manager's obligations under this Agreement and elect a substitute Manager in connection with that removal. Members shall not otherwise have the right to remove the Manager. Written notice of such determination setting forth an effective date of removal, which effective date shall be at least sixty (60) days after the delivery of such notice, shall specify the grounds for removal in reasonable detail and be served upon the Manager, and as of the effective date, shall terminate all of such Person's rights and powers as a Manager, except for the Manager's right to be compensated and reimbursed to the termination date and except for its rights pursuant to its separate ownership of Units, as specified in Exhibit A. Notwithstanding the foregoing, in the event that the Manager cures all material breaches so specified within such sixty (60) day period, such cure shall automatically and without further notice, cancel the removal action of the

Members. For sixty (60) days after delivery of a notice of removal under this Section 9.2 to any Manager, the Manager shall not sell, encumber or otherwise dispose of any material assets of the Company other than pursuant to contracts entered into prior to delivery of the notice.

10. POWER OF ATTORNEY

10.1 Manager as Attorney-In-Fact. Each Member hereby appoints the Manager and each successor Manager, with full power of substitution, as his/her/its lawful attorney-in-fact, as limited by Section 10.2, to sign, acknowledge, file, and record (a) all certificates of formation, amendments thereto, and other instruments which the Manager may deem necessary or appropriate to be filed by the Company under the laws of the State of California or any other state or jurisdiction in which the Company is doing or intends to do business; (b) all amendments to this Agreement and the instruments described above to reflect changes made in accordance with the terms of this Agreement, (c) all certificates of cancellation and other instruments which the Manager may deem necessary to effect the dissolution and termination of the Company pursuant to the terms of this Agreement; and (d) any other instrument required by law to be filed on behalf of the Company or deemed necessary or appropriate by the Manager to carry out the provisions of this Agreement in accordance with its terms.

10.2 Nature of Special Power. The power of attorney granted pursuant to this Section 10:

(a) Is a special power of attorney for the sole purposes set forth in this Section 10, is coupled with an interest and is irrevocable;

(b) Shall survive the death, disability, legal incapacity, bankruptcy, insolvency, dissolution, or cessation of existence of a Member and shall survive the delivery of an assignment by a Member of any Units;

(c) Shall not be exercised in a manner inconsistent with the rights of Members granted in this Agreement; and

(d) Shall not be exercised to vote on behalf of, to abrogate any rights of, nor to make any discretionary determination on behalf of any Member,

11. DISSOLUTION AND WINDING UP

11.1 Liquidating Events. The Company shall dissolve and commence liquidation only upon the first to occur of the following events:

(a) December 31, 2030;

(b) The written consent of the Manager to dissolve the Company approved by Members holding more than fifty percent (50%) of the Units;

(c) A sale of all or substantially all of the assets of the Company;

(d) The occurrence of a Dissolution Event as defined in Section 9 and the failure of the Remaining Members (holding a majority of the Units) to consent to the continuation of the Company within ninety (90) days of the Dissolution Event; or

(e) Entry of a decree of judicial dissolution.

11.2 Winding Up. If dissolved under Section 11.1, the Company shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors and Members. To the extent not inconsistent with the foregoing; all provisions in this Agreement shall continue in effect until such time as the Company property has been distributed pursuant to this Section 11.2. The Manager shall be responsible for overseeing the winding up and dissolution of the Company, shall take full account of the Company's liabilities and Property, shall cause the Company Property to be liquidated as promptly as is consistent with obtaining the fair market value thereof, and shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed in the following order:

(a) First, such Property and/or cash proceeds shall be applied to the payment of creditors of the Company (including any creditor that is also a Manager, a Member or an Affiliate of any Manager or Member) and to the establishment or funding of any reserves that the Manager deems to be appropriate.

(b) Any remaining Property and/or cash proceeds shall be distributed to the Manager and Unit Holders in proportion to and to the extent of the positive balances in their respective Capital Accounts (or in the case of LEP, its Secondary Priority Balance) (determined after all allocations pursuant to Section 3 hereof have been made for the Fiscal Year in which such dissolution occurs), and provided that allocations shall be made under Section 3 so that distributions in proportion to Capital Accounts will, as nearly as possible, also be made in accordance with the pattern of distributions intended under Section 3.

11.3 No Capital Contribution Required. If any Unit Holder has a deficit balance in his or her Capital Account (after giving effect to all contributions, distributions and allocations), the Unit Holder shall have no obligation to make any contribution to the capital of the Company with respect to such deficit, and such deficit shall not be considered a debt owed to the Company or to any other Person for any purpose whatsoever.

11.4 Deemed Distribution and Recontribution. Notwithstanding any other provision of this Section 11, in the event the Company is liquidated within the meaning of applicable Regulations, but no event defined in Section 11.1 has occurred, the Company shall not be liquidated. Instead, solely for federal income tax purposes, the Company shall be deemed to have distributed the Property in kind to the Unit Holders, and immediately thereafter the Unit Holders shall be deemed to have recontributed the Property in kind to the Company.

12. ARBITRATION PROVISIONS

12.1 Arbitration of Disputes.

(a) Matters Covered. Each dispute, controversy or claim arising out of or relating to this Agreement (and whether arising in contract, tort, law, equity or otherwise) shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, which shall apply except as may be modified by this Section 12. 1. Either the Manager or Members holding more than fifty percent (50%) of the Units may commence an arbitration proceeding. Any such proceeding commenced by Unit Holders or by Members holding a lesser percentage of Units shall be promptly dismissed if Members holding more than fifty percent (50%) of the Units so demand in writing. Judgment on the award rendered by the arbitrators may be entered in any court having competent jurisdiction. The decision of the arbitrator as to damages, injunctive relief and all other matters comprising the decision shall be enforceable and included in any judgment on the award of the arbitrators. There shall be three arbitrators selected under subparagraph (b) below, except that if the maximum amount claimed in the controversy is less than One Hundred Thousand Dollars (\$100,000.00), there shall be one arbitrator selected under the procedure for the third, neutral arbitrator under subparagraph (b) below. The term "party" used below means any Member, any Person claiming to be a Member or otherwise claiming an interest in this Agreement, and/or the Company.

(b) Selection. Within thirty (30) days after demand for arbitration given by a party to another party, each party shall appoint one individual to serve as an arbitrator, and neither of these two individuals need be impartial. If a party has failed within that thirty (30) day period to name an arbitrator, and the other party has timely selected an arbitrator, the individual timely selected as an arbitrator shall serve as the sole arbitrator for the arbitration proceeding. If two arbitrators are timely selected, those two shall mutually agree upon a third arbitrator, who shall be an individual independent of and impartial as to each party. If the two arbitrators first appointed cannot agree upon the third arbitrator within sixty (60) days after demand for arbitration is first given by a party, either party may request a list of seven arbitrators from the commercial arbitration panel, who shall each be a retired judge or active member of the State Bar in the jurisdiction in which the arbitration is held, from the office of the American Arbitration Association located within the city and county in which the arbitration is held. After a party obtains this list and provides a copy of it to the other party, the neutral third arbitrator shall be selected by the parties in accordance with the procedures set forth in the Commercial Arbitration Rules. If a party fails for ten (10) or more days to make selections required by those procedures, the other party may select any name on the list furnished by the American Arbitration Association to be the third arbitrator. If any arbitrator chosen pursuant to the above procedure is unable to act or for any reason declines to act after his or her selection, a substitute arbitrator shall be selected in accordance with the same procedure used to appoint the arbitrator who is unable to act or declines to act.

(c) Decision. The parties intend that the arbitrator(s) will commence proceedings within forty-five (45) days after selection is completed, unless otherwise agreed by the parties. A decision of the arbitrators concurred by two or more arbitrators shall be the award in the arbitration proceeding, except that a decision by a single arbitrator (if only one arbitrator is serving in accordance with subparagraph (a) or (b) above), shall be the award in the arbitration proceedings. In the event the arbitration proceeding includes the determination of an amount of money (whether as damages, appraisal, proration or otherwise), and if two or more of the arbitrators cannot agree upon the amount in question, the amount determined by an arbitrator

which is neither the highest nor lowest of the three decisions rendered shall be conclusively accepted by the parties as the arbitration award on that matter.

(d) Review Standard. The decision of the arbitrator(s) shall be final and unreviewable for error of law or fact of any kind.

(e) Venue and Time Limits. The arbitration shall be conducted in the location selected by the first named respondent in the action, but no party shall be obligated to submit to arbitration proceedings in any location other than California. However, for the convenience of the arbitrators or witnesses, the arbitration proceedings may, with the consent of both parties, be held in other locations in whole or in part. The parties shall each use reasonable efforts to require each arbitrator selected above to promise to render his or her decision in writing within sixty (60) days after the arbitration proceedings have been concluded. Failure by a party to attend or respond to arbitration proceedings conducted in accordance with this Agreement shall not invalidate or impair the authority of the arbitrators or binding effect of a decision of the arbitrators.

(f) Applicable Law and Expenses. The arbitration proceedings shall be governed exclusively by the substantive and procedural laws of the State of California applicable to contracts made in and between residents of and to be performed wholly within California, except that matters relating to the internal governance of the Company and the interpretation and enforcement of this Agreement shall be determined in accordance with the law of California. In addition to other applicable California law, the parties to this Company Agreement agree that the scope of discovery permitted to be conducted by the parties under this Agreement shall be expanded to include the forms of discovery permitted and described in California Code of Civil Procedure Section 1283.05, provided that the arbitrators may limit discovery to what they believe to be relevant inquiries. Each party shall pay an equal share of the fees and expenses of any person serving as an arbitrator selected from the American Arbitration Association panel or assessed by the American Arbitration Association, and each party shall pay the fees and expenses of the arbitrator selected by the party and its own attorney and witnesses, except that upon conclusion of the arbitration proceeding, and in any bankruptcy, appeals, collection, enforcement or other legal proceedings, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable attorneys' fees and costs, and fees and expenses in any arbitration or other proceedings, incurred by the prevailing party.

(g) Remedial Powers. The arbitrators shall have the power to award damages, injunctive relief and all other remedies otherwise available under the Commercial Arbitration Rules or at law, except that no party shall be entitled to demand, sue for or collect lost profits or other special, consequential or punitive damages for a breach of, or any act or omission in connection with, this Agreement. The arbitrators shall not vary the provisions of this Agreement. The arbitrators shall have the power to determine whether any issue is arbitrable. The award of the arbitrators shall be in writing, shall be accompanied by a written opinion explaining the basis or reason for the decision, and shall be communicated promptly to each party in writing.

13. MISCELLANEOUS

13.1 Notices. All notices, requests or other communications required or permitted under this Agreement shall be delivered in writing, either in person or by United States first-class mail, postage prepaid, addressed, if to Members, at the address on the list maintained by the Company, and, if to the Company, at its principal place of business, or such other location as the Manager shall designate. Notice shall be deemed given, delivered and received on the actual date of their personal delivery or machine generated confirmation of a completed telecopy transmission, or three (3) days after deposit in the United States mail.

13.2 Binding Effect. Subject to restrictions on transfers contained in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Manager, the Members, their heirs, executors, administrators, successors and all Persons hereafter having or holding an interest in this Company, as an assignee, substituted Member or otherwise.

13.3 Validity. If any provisions of this Agreement shall be held invalid or unenforceable such provisions shall be given effect to the extent permissible by law and the remaining provisions of this Agreement shall continue in effect.

13.4 Headings. The section and paragraph headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section or paragraph. References to "Section" means sections of this Agreement unless the context indicates otherwise by reference to the Code, Regulations or other law.

13.5 Gender and Number. As used in this Agreement, the masculine, feminine or neuter gender, and the singular or plural number, shall include the others whenever the context so indicates.

13.6 Additional Documents. Each Member shall execute, acknowledge, and deliver all further instruments and documents to the Company as may be necessary or desirable in the discretion of the Manager to achieve the purposes of this Agreement, to enable the Company to comply with any applicable law.

13.7 Entire Agreement. This Agreement contains the entire understanding and agreement among the Members with respect to the Company and supersedes all other agreements, understandings, representations or warranties relating to the Company or the Members. However, the Manager and its Affiliates may have additional agreements among themselves regarding the sharing of any of the duties, rights or interests imposed upon or granted to the Manager under this Agreement.

13.8 Governing Law and Rules of Interpretation. Notwithstanding the place where this Agreement may be executed by any of the Members, the Members agree that the legal relationships among the Members and Manager shall be governed by the laws of the State of California. This Agreement shall not be interpreted against the Manager if one or more provisions are considered uncertain, but instead shall be interpreted in a manner intended to give reasonable consideration to the interests of all Members. The provisions of this Agreement shall govern if any provisions conflict with California law, to the extent California law permits an operating agreement to govern the issue giving rise to the conflict. No Person acquiring any

DRAFT

Units or becoming a substituted Member shall have any claim of any nature against any other Member based on the acts or omissions occurring before the Person acquired the Units or became a substituted Member. The words "including" or "such as" or similar terms following any general statement shall not be construed to limit the statement to the matters listed and shall be considered to refer to all other matters which could reasonably fall within the categories of matters described or listed, whether or not words of non-limitation are added. The word "or" is not intended as exclusive.

13.9 Counterparts and Execution. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, binding Agreement notwithstanding that all Members do not sign the same counterparts.

IN WITNESS WHEREOF, the parties have entered into this Operating Agreement as of the day first above set forth.

Manager:

LEVIN MENZIES KELLY
& ASSOCIATES LLC,
a California limited liability company

DRAFT

By: _____

Paul D. Menzies
Managing Member

[Original Member signatures are set forth on counterpart signature pages.]



Levin Menzies Kelly
AND ASSOCIATES

Section 8

Montgomery Field LLC

Montgomery Field Business Park

Application for Business Tax ID

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, certain individuals, and others. See instructions.)

EIN

OMB No. 1545-0003

► **Keep a copy for your records.**

Please type or print clearly.	1 Name of applicant (legal name) (see instructions) Montgomery Field LLC	
	2 Trade name of business (if different from name on line 1)	3 Executor, trustee, "care of" name
	4a Mailing address (street address) (room, apt., or suite no.) 1981 N. Broadway, Suite 415	5a Business address (if different from address on lines 4a and 4b)
	4b City, state, and ZIP code Walnut Creek, CA 94596	5b City, state, and ZIP code
	6 County and state where principal business is located Contra Costa, CA	
	7 Name of principal officer, general partner, grantor, owner, or trustor—SSN or ITIN may be required (see instructions) ► 057-50-6931 Paul D. Menzies	

8a Type of entity (Check only one box.) (see instructions)

Caution: If applicant is a limited liability company, see the instructions for line 8a.

- | | |
|---|--|
| ☐ Sole proprietor (SSN) _____ | ☐ Estate (SSN of decedent) _____ |
| ☒ Partnership | ☐ Plan administrator (SSN) _____ |
| ☐ REMIC | ☐ Other corporation (specify) ► _____ |
| ☐ State/local government | ☐ Trust |
| ☐ Church or church-controlled organization | ☐ Federal government/military |
| ☐ Other nonprofit organization (specify) ► _____ (enter GEN if applicable) _____ | |
| ☐ Other (specify) ► _____ | |

8b If a corporation, name the state or foreign country (if applicable) where incorporated

State	Foreign country
-------	-----------------

- 9** Reason for applying (Check only one box.) (see instructions)
- | | |
|---|--|
| ☒ Started new business (specify type) ► Real Estate Investment | ☐ Banking purpose (specify purpose) ► _____ |
| ☐ Hired employees (Check the box and see line 12.) | ☐ Changed type of organization (specify new type) ► _____ |
| ☐ Created a pension plan (specify type) ► _____ | ☐ Purchased going business |
| | ☐ Created a trust (specify type) ► _____ |
| | ☐ Other (specify) ► _____ |

10 Date business started or acquired (month, day, year) (see instructions) May 19, 1999	11 Closing month of accounting year (see instructions) December
--	--

12 First date wages or annuities were paid or will be paid (month, day, year). **Note:** If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (month, day, year) ► **None**

13 Highest number of employees expected in the next 12 months. **Note:** If the applicant does not expect to have any employees during the period, enter -0-. (see instructions) ►

Nonagricultural	Agricultural	Household
0	0	0

14 Principal activity (see instructions) ► **Real Estate Investment**

15 Is the principal business activity manufacturing? ☐ Yes ☒ No
If "Yes," principal product and raw material used ► _____

16 To whom are most of the products or services sold? Please check one box. ☐ Business (wholesale) ☒ N/A
☐ Public (retail) ☐ Other (specify) ► _____

17a Has the applicant ever applied for an employer identification number for this or any other business? ☐ Yes ☒ No
Note: If "Yes," please complete lines 17b and 17c.

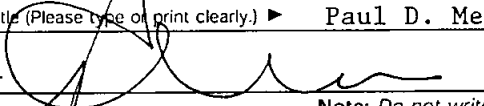
17b If you checked "Yes" on line 17a, give applicant's legal name and trade name shown on prior application, if different from line 1 or 2 above.
Legal name ► _____ Trade name ► _____

17c Approximate date when and city and state where the application was filed. Enter previous employer identification number if known.
Approximate date when filed (mo., day, year) City and state where filed Previous EIN

--	--	--

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.

Name and title (Please type or print clearly.) ► Paul D. Menzies	Business telephone number (include area code) (925) 937-4111
	Fax telephone number (include area code) (925) 937-4173

Signature ►  Date ► **June 30, 1999**

Note: Do not write below this line. For official use only.

Please leave blank ►	Geo.	Ind.	Class	Size	Reason for applying

CITY OF SAN DIEGO
CONSENT TO ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENTS
AND SECURITY DEPOSITS

The City of San Diego (CITY), as LESSOR, entered into long-term Lease Agreements, hereinafter named "the Leases", with Montgomery Field One and Montgomery Field Two, which were filed in the office of the City Clerk on May 3, 1978 as Document No. 763376 and on July 31, 1979 as Document No. 766982. Both leases were subsequently acquired by Kearny Mesa Realty, Inc. (LESSEE/ASSIGNOR) by Trustee's Sale.

CITY hereby consents to an assignment of the Leases from Kearny Mesa Realty, Inc. (LESSEE/ASSIGNOR) to San Diego Hospital Association (ASSIGNEE), in accordance with the terms and conditions set out in the Assignment and Assumption of Leases and Security Deposits, which are Exhibits "A" and "B" of the attached Sale-Purchase Agreement, dated November 16, 1993 with the following conditions:

The CITY is merely approving the Assignment and Assumption of the Leases and Security Deposits and all terms and conditions of the Leases shall control and supersede any inconsistency or contrary provisions in the attached Sale-Purchase Agreement. The CITY is not bound by any term or condition in the attached documents, which in any way conflicts with or is additional to the provisions of the Leases, except as otherwise approved herein.

In the event Assignor and Assignee do not complete the Sale and Assignment and Assumption of Leases and Security Deposits per the attached Sale-Purchase Agreement by February 1, 1994, City may at its sole discretion rescind this consent agreement by notifying ASSIGNOR and ASSIGNEE of the fact any time prior to the completion date.

THE CITY OF SAN DIEGO

Dated: Dec. 14/1993

By: [Signature]
Property Director

Approved as to form this 14 day of December, 1993

JOHN W. WITT, CITY ATTORNEY

By: [Signature]
Chief Deputy City Attorney

DOCUMENT NO. C-05221

FILED DEC 23 1993

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

City of San Diego
General Services/Airports Division

FINDING OF MASTER PLAN LAND USE CONFORMANCE

PROJECT: ASSUMPTION & ASSIGNMENT OF LEASES
Lots 6,7 MYF

() CIP
(X) LESSEE (ASSIGNOR) KEARNY MESA REALTY, INC.
ASSIGNEE - San Diego Hospital Association

1. PROJECT DESCRIPTION INCLUDING PROPOSED FUNCTION attach plot plan:
Existing: Three office buildings, retail center and parking
lots. (See attached letter for proposed uses.)

2. MASTER PLAN LAND USE DESIGNATION attach master plan:
Non-Aviation Commercial

Note: Brown Field non-aviation uses limited to those permitted
in the Otay Mesa Industrial Subdistrict

3. JUSTIFICATION OF CONFORMANCE FINDING

Exempt per CEQA Section 15301. Class I, Existing Facilities.
Existing and proposed uses are in compliance with the
Airport Master Plan.

(X) I find that the proposed use (in attached letter) is in
substantial conformance with the Montgomery Field
Master Plan as approved by City Council on July 10, 1984
(last amendment date).

() The _____ project does not conform
to the existing _____ Field Master Plan.
A Master Plan amendment will be required before the project
can be approved by the City.

[Signature]
Deputy Director, Airports Division

12/9/93
Date

CONCURRENCE

[Signature]
Deputy Director, DEP *Tom Sham*

12/13/93
Date

SHARP

HEALTHCARE

Marc Sandstrom
Senior Vice President
Legal & Administrative Services

November 19, 1993

Diana L. Drake, Property Agent
City of San Diego
Airports Property Management
3750 John J. Montgomery Drive
San Diego, CA 92123

Dear Ms. Drake:

Sharp HealthCare intends to use the Montgomery Field complex in the following manner, consistent with existing uses:

- A. General Offices
- B. Maintain Retail Center
- C. Medical Uses:
 - Medical Offices
 - Clinic Space
 - Urgent Care
 - Therapy Modalities
 - Miscellaneous Medical Uses

If you have any questions, please feel free to contact me.

Sincerely,


Marc Sandstrom

MS/gml

SAN DIEGO HOSPITAL ASSOCIATION

☐ Sharp Memorial Hospital ☐ Sharp Cabrillo Hospital ☐ Community Hospital of Chula Vista ☐ Sharp Rees-Stealy
☐ Sharp Temecula Valley ☐ Sharp Senior Health Care ☐ Southern California HealthCare Services

EXHIBIT "K"

**FORM OF ESTOPPEL CERTIFICATE
FROM CITY OF SAN DIEGO**

December 14, 1993

To: San Diego Hospital Association
3131 Berger Street
San Diego, CA 92123
Attn: Marc Sandstrom

Re: (i) Flat Rate Lease Filed May 3, 1978 as Document
No. 763376 in the Office of the City Clerk (Lease No. 1)
and (ii) Flat Rate Lease filed July 31, 1979 as Document
No. 766982 in the Office of the City Clerk (Lease No. 2)

Ladies/Gentlemen:

At your request, and knowing that you are relying on the accuracy of the information contained herein, the undersigned City of San Diego, as landlord under both of the above referenced leases, hereby certifies that, to the undersigned's knowledge:

1. Lease No. 1 and Lease No. 2 are each in full force and effect and have not been modified and a full copy of each lease is attached hereto as Schedule 1 and Schedule 2, respectively;
2. The rent and all other amounts payable by the undersigned under Lease No. 1 have been paid through 12/31/93; and
3. The rent and all other amounts payable by the undersigned under Lease No. 2 have been paid through 12/31/93;
4. The undersigned has not given the tenant under Lease No. 1 or Lease No. 2 any written notice claiming that tenant is in default under either Lease, which default remains uncured;
5. The base monthly rent currently payable under Lease No. 1 is \$ 4,187.69; and
6. The base monthly rent currently payable under Lease No. 2 is \$ 3,579.72.

This letter is being furnished to you in connection with your acquisition of the premises described in the respective leases and may be relied upon by you and your lender, if any, in connection with any loan you may obtain with respect to such premises, and by your respective successors and assigns.

Very truly yours,

THE CITY OF SAN DIEGO

By: Deana L. Drake
Its: Property Agent, MYF

**SUMMARY OF SALE-PURCHASE AGREEMENT
RELATING TO ASSIGNMENT OF GROUND LEASES
BY THE CITY OF SAN DIEGO
PROPERTIES LOCATED AT
8525, 8575 AND 8665 GIBBS DRIVE,
SAN DIEGO, CALIFORNIA, AND
8690 AERO DRIVE, SAN DIEGO, CALIFORNIA**

Parties:

San Diego Hospital Association (Purchaser)
Kearny Mesa Realty, Inc. (Seller)

Properties to be Transferred:

All buildings and other improvements located on the properties described above, together with all of the tenant's interests in two ground leases with the City of San Diego, as landlord, under (i) Flat Rate Lease recorded March 20, 1979, as File No. 79-115029 in the San Diego County Recorder's Office, and (ii) Flat Rate Lease recorded May 27, 1980, as File No. 80-170706 in the San Diego County Recorder's Office.

Purchase Price:

\$4,000,000.00

Initial Down Payment:

\$100,000.00

Remainder of purchase price to be paid at closing.

Scheduled Closing Date:

On or before December 15, 1993

Additional Terms:

Purchaser (San Diego Hospital Association) to assume all obligations under each Ground Lease arising on or after the Closing Date.

EXHIBIT ~~B~~

**ASSIGNMENT AND ASSUMPTION
OF LEASES AND SECURITY DEPOSITS**

ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS, dated December 17, 1993, between KEARNY MESA REALTY INC., a California corporation, having an office at c/o 599 Lexington Avenue, New York, New York 10043 ("Assignor"), and SAN DIEGO HOSPITAL ASSOCIATION, a California nonprofit public benefit corporation, having an office at 3131 Berger Street, San Diego, California 92123 ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor has this day sold and conveyed to assignee Assignor's leasehold interest in the real property more particularly described in Schedule "1" annexed hereto and made a part hereof (the "Premises").

ASSIGNMENT

NOW, THEREFORE, for good and valuable consideration paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest, if any, as landlord in and to (i) all leases, licenses and other occupancy agreements affecting the Premises and all guarantees thereof set forth on Schedule "2" annexed hereto and made a part hereof (collectively, the "Leases"), and (ii) all Tenant security deposits made with respect to the Leases, which deposits are shown on Schedule "2" annexed hereto and made a part hereof (collectively, the "Security Deposits").

ASSUMPTION

ASSIGNEE HEREBY ACCEPTS the foregoing assignment, acknowledges receipt of the Security Deposits, assumes and agrees to perform all of the obligations of Assignor under the Leases, accruing from and after the date hereof; and agrees to hold or apply all of the Security Deposits in accordance with the terms of the Leases under which the Security Deposits were made.

SUCCESSORS AND ASSIGNS

This Assignment and Assumption of Leases and Security Deposits shall be binding upon Assignor, Assignee and their respective successors and assigns.

ASSIGNEE FURTHER AGREES to defend and indemnify Assignor and any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other person or entity affiliated with Assignor (collectively, "Assignor's

Affiliates") against, and to hold Assignor and Assignor's Affiliates harmless from, any and all claims, demands, causes of action, losses, damages, liabilities, and costs and expenses (including, without limitation, attorney's fees and disbursements), whether foreseen or unforeseen, asserted against or incurred by Assignor or any of Assignor's Affiliates in connection with or arising out of acts or omissions of Assignee or its directors, officers, employees, affiliates, partners, brokers, agents, contractors, consultants and/or representatives, or other matters or occurrences that take place, from and after the date hereof relating to the Leases and Security Deposits.

Assignee hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Assignor or Assignor's Affiliates, and hereby unconditionally and irrevocably fully releases and discharges Assignor and Assignor's Affiliates from any and all liability whatsoever which may now or hereafter accrue in favor of Assignee against Assignor or Assignor's Affiliates, in connection with or arising out of the Leases and Security Deposits.

This Assignment and Assumption of Leases and Security Deposits is made without any covenant, warranty or representation by, or recourse against, Assignor or Assignor's Affiliates of any kind whatsoever.

IN WITNESS WHEREOF, this Assignment and Assumption of Leases and Security Deposits has been executed on the date and year first above written.

ASSIGNOR:

KEARNY MESA REALTY INC.,
a California corporation

By: David J. Feingold
Name: David J. Feingold
Title: Vice President

ASSIGNEE:

SAN DIEGO HOSPITAL ASSOCIATION,
a California nonprofit public
benefit corporation

By: _____
Name: _____
Title: _____

Affiliates") against, and to hold Assignor and Assignor's Affiliates harmless from, any and all claims, demands, causes of action, losses, damages, liabilities, and costs and expenses (including, without limitation, attorney's fees and disbursements), whether foreseen or unforeseen, asserted against or incurred by Assignor or any of Assignor's Affiliates in connection with or arising out of acts or omissions of Assignee or its directors, officers, employees, affiliates, partners, brokers, agents, contractors, consultants and/or representatives, or other matters or occurrences that the place, from and after the date hereof relating to the Leases and Security Deposits.

Assignee hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Assignor or Assignor's Affiliates, and hereby unconditionally and irrevocably fully releases and discharges Assignor and Assignor's Affiliates from any and all liability whatsoever which may now or hereafter accrue in favor of Assignee against Assignor or Assignor's Affiliates, in connection with or arising out of the Leases and Security Deposits.

This Assignment and Assumption of Leases and Security Deposits is made without any covenant, warranty or representation by, or recourse against, Assignor or Assignor's Affiliates of any kind whatsoever.

IN WITNESS WHEREOF, this Assignment and Assumption of Leases and Security Deposits has been executed on the date and year first above written.

ASSIGNOR:

KEARNY MESA REALTY INC.,
a California corporation

By: _____
Name: _____
Title: _____

ASSIGNEE:

SAN DIEGO HOSPITAL ASSOCIATION,
a California nonprofit public
benefit corporation

By:  _____
Name: Marc Sandstrom
Title: Sr. Vice President

Schedule 1
Legal Description

Parcel 1:

That portion of Lot 24 of New Riverside, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 679, filed in the Office of the County Recorder of San Diego County, August 11, 1891, described as follows:

Commencing at the Southeast corner of said Lot 24; thence along the Southerly line of said Lot 24, South 89°22'05" West, 37.00 feet to a point of cusp with the arc of a 20.00 foot radius curve, concave Northwesterly and being the True Point of beginning; thence Northeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to a point of tangency with the Westerly line of the Easterly 17.00 feet of said lot 24; thence along said Westerly line, North 00°37'55" West, 160.00 feet to the beginning of a tangent 20.00 foot radius curve, concave Southwesterly; thence Northwesterly along the arc of said curve, through a central angle of 90°00'00" a distance of 31.42 feet; thence tangent to said curve, South 89°22'05" West, 678.57 feet; thence South 00°37'55" East 200.00 feet to the Southerly line of said Lot 24; thence along said Southerly line, North 89°22'05" East, 678.57 feet to the True Point of beginning.

Parcel 2:

That portion of Lot 24 of New Riverside, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 679, filed in the Office of the County Recorder of San Diego County, August 11, 1891, described as follows:

Commencing at the Southeast corner of said Lot 24; thence along the Southerly line of said Lot 24, South 89°22'05" West, 37.00 feet to the point cusp with a tangent 20.00 foot radius curve, concave Northwesterly forming a portion of John J. Montgomery Drive; thence along the boundary of said drive as follows:

Northeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet; tangent to said curve North 00°37'55" West, 160.00 feet to the beginning of a tangent 20.00 foot radius curve concave Southwesterly; and Northwesterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to a point of tangency in the Southerly line of Gibbs Drive; thence along said Southerly line tangent to said curve South 89°22'05" West, 678.57 feet to the True Point of Beginning; thence continuing along said Southerly line South 89°22'05" West, 550.57 feet to the beginning of a tangent 20.00 foot radius curve, concave Southeasterly forming a portion of Glen L. Curtis Drive; thence along the boundary of said drive, last above referred to, as follows:

Southwesterly along the arc of said curve through a central angle of $90^{\circ}00'00''$ a distance of 31.42 feet; tangent to said curve South $00^{\circ}37'55''$ East, 160.00 feet to the beginning of a tangent 20.00 foot radius curve, concave Northeasterly; and Southeasterly along the arc of said curve through a central angle of $90^{\circ}00'00''$ a distance of 31.42 feet to the point of tangency in the Southerly line of said Lot 24; thence along said Southerly line, tangent to said curve North $89^{\circ}22'05''$ East, 550.57 feet to a line which beats South $00^{\circ}37'55''$ East from the true Point of beginning; thence North $00^{\circ}37'55''$ West, 200.00 feet to the True Point of Beginning.

Schedule 2

<u>TENANT</u>	<u>ADDRESS</u>	<u>SECURITY DEPOSIT</u>
<u>Building 1</u>		
8665 Gibbs Drive	8665	None
United States of America dba Federal Aviation Administration	Suite 100	
PSI World, Inc. dba PSI	8665 Suite 110	5,520.00
Pacific Coast Collections, Inc. dba Same	8665 Suite 150	3,519.75
Pacific Coast Collections, Inc. dba Same	8665 Suite 200	None
<u>Building 2</u>		
8690 Aero Drive	8690 Aero	984.30
Mary Golden Discount Sales, Inc. dba Same	Suite 102	
Tengu Restaurants, Inc. dba Tengu Restaurant	8690 Aero Suite 105, 106, 111	2,829.45
Dung Khuat	8690 Aero Suite 112	927.73
Pizza Hut of San Diego, Inc. dba Pizza Hut #705118	8690 Aero Suite 114	None
Lyle & Thelma Starkweather dba Aero Postal Services	8690 Aero Suite 115	1,146.60
Action Data, Inc. dba Same	8690 Aero Suite 116	1,163.50
Dolores Villarreal dba Special Travel Services	8690 Aero Suites 103 and 104	581.75
Meng Bun Tao and Michelle Lor dba Christy's Donuts	8690 Aero Suite 118	787.60
John IK & Linda Y. Kim dba B & B Deli	8690 Aero Suite 120	2,591.84
Somchat & Kuttalee Chauvapan dba Clown Market	8690 Aero Suite 130	1,728.00

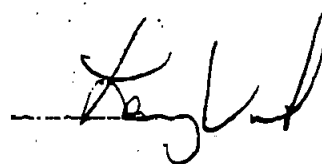
<u>TENANT</u>	<u>ADDRESS</u>	<u>SECURITY DEPOSIT</u>
<u>Building 3</u>		
8575 Gibbs Drive	8575	11,705.52
Orthopaedic & Arthroscopic Sports Injury Specialists Medical Group, Inc. dba OASIS	Suite 110	
Environmental Security Shutters dba Same	8575 Suite 112	None
Mantech International Corporation dba Technology Management Corporation	8575 Suite 200	2,728.50
<u>Building 4</u>		
8525 Gibbs Drive	8525	None
County of San Diego dba Department of Public Defenders	Suite 105	
United States of America dba Federal Aviation Administration	8525 Suite 110	None
Tandem Computers, Inc. dba Tandem Computers	8525 Suite 200	None
County of San Diego dba Alternate Public Defender	8525 Suite 202	None
Eden's Broadcasting, Inc. dba Q-106 Radio	8525 Suite 204	9,441.90
County of San Diego dba Alternate Public Defender	8525 Suite 208	None
County of San Diego dba Department of Public Defenders	8525 Suite 300	None
Systems Engineering & Management dba Same	8525 Suite 304/6	2,940.00

RECORDING REQUESTED BY:
CITICORP REAL ESTATE, INC.

Recording Requested By
and When Recorded Mail To:

Citicorp Real Estate, Inc.
Attn: Mr. George Apostol
725 South Figueroa
Los Angeles, CA 90017

853403

2/7/93


953100-6

Space Above for Recorder's Use

**ASSIGNMENT AND ASSUMPTION
OF GROUND LEASES**

ASSIGNMENT AND ASSUMPTION OF GROUND LEASES, dated December 17, 1993, between KEARNY MESA REALTY INC., a California corporation, having an office at c/o 599 Lexington Avenue, New York, New York 10043 ("Assignor"), and SAN DIEGO HOSPITAL ASSOCIATION, a California nonprofit public benefit corporation, having an office at 3131 Berger Street, San Diego, California 92123 ("Assignee").

ASSIGNMENT AND CONVEYANCE

For good and valuable consideration paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest, if any, as tenant in and to (i) that certain ground lease entitled "Flat Rate Lease" filed May 3, 1978, as Document No. 763376 in the Office of the City Clerk, San Diego, California, with attached addendum, and entered into between Montgomery Field One, a partnership, as lessee, and the City of San Diego, a municipal corporation, as lessor (the "Montgomery Field One Ground Lease"), and (ii) that certain Ground Lease entitled "Flat Rate Lease," filed July 31, 1979, as Document No. 766982, in the Office of the City Clerk, San Diego, California, with attached addendum, and entered into between Montgomery Field Two, a partnership, as lessee, and the City of San Diego, a municipal corporation, as lessor (the "Montgomery Field Two Ground Lease"). The Montgomery Field One Ground Lease and the Montgomery Field Two Ground Lease are referred to together herein as the "Ground Leases." Assignor also grants, transfers and conveys to Assignee all of its right, title and interest, if any, in and to all buildings and improvements located on the land covered by the Ground Leases. The Ground Leases cover that certain land located in San Diego, California, more particularly described in Schedule "1" attached hereto and made a part hereof. The Montgomery Field One Ground Lease was recorded March 20, 1979 in File/No. 79-115029 of Official Records of San Diego County, California. The Montgomery Field Two Ground Lease was recorded May 27, 1980, in File/No. 80-170706 of Official Records of San Diego, California.

ASSUMPTION

ASSIGNEE HEREBY ACCEPTS the foregoing assignment and assumes and agrees to perform all of the obligations of Assignor under the Ground Leases, accruing from and after the date hereof.

SUCCESSORS AND ASSIGNS

This Assignment and Assumption of Ground Leases shall be binding upon Assignor, Assignee and their respective successors and assigns.

ASSIGNEE FURTHER AGREES to defend and indemnify Assignor and any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other person or entity affiliated with Assignor (collectively, "Assignor's Affiliates") against, and to hold Assignor and Assignor's Affiliates harmless from, any and all claims, demands, causes of action, losses, damages, liabilities, and costs and expenses (including, without limitation, attorney's fees and disbursements), whether foreseen or unforeseen, asserted against or incurred by Assignor or any of Assignor's Affiliates in connection with or arising out of acts or omissions of Assignee or its directors, officers, employees, affiliates, partners, brokers, agents, contractors, consultants and/or representatives, or other matters or occurrences that take place, from and after the date hereof relating to either of the Ground Leases.

Assignee hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Assignor or Assignor's Affiliates, and hereby unconditionally and irrevocably fully releases and discharges Assignor and Assignor's Affiliates from any and all liability whatsoever which may now or hereafter accrue in favor of Assignee against Assignor or Assignor's Affiliates, in connection with or arising out of the Ground Leases, but excluding any defaults or liabilities accruing prior to the date hereof under the terms and provisions of the Ground Leases.

Except as otherwise expressly provided in that certain Sale-Purchase Agreement between Assignor and Assignee dated November 16, 1993, this Assignment and Assumption of Ground Leases is made

without any covenant, warranty or representation by, or recourse against, Assignor or Assignor's Affiliates of any kind whatsoever.

IN WITNESS WHEREOF, this Assignment and Assumption of Ground Leases have been executed on the date and year first above written.

ASSIGNOR:

KEARNY MESA REALTY INC.,
a California corporation

By: _____
Name: _____
Title: _____

ASSIGNEE:

SAN DIEGO HOSPITAL ASSOCIATION,
a California nonprofit public
benefit corporation

By:  _____
Name: Marc Sandstrom
Title: Sr. Vice President

without any covenant, warranty or representation by, or recourse against, Assignor or Assignor's Affiliates of any kind whatsoever.

IN WITNESS WHEREOF, this Assignment and Assumption of Ground Leases have been executed on the date and year first above written.

ASSIGNOR:

KEARNY MESA REALTY INC.,
a California corporation

By: David J. Fergusson
Name: David J. Fergusson
Title: Vice President

ASSIGNEE:

SAN DIEGO HOSPITAL ASSOCIATION,
a California nonprofit public
benefit corporation

By: _____
Name: _____
Title: _____

STATE OF California }
COUNTY OF Los Angeles } ss.

On December 3, 1993, before me, the undersigned Notary
Public, personally appeared DAVID J. FEINGOLD

✓ personally known to me

or

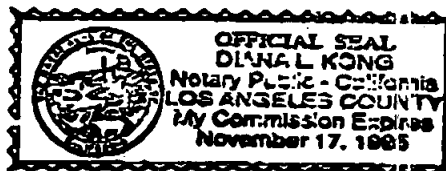
 proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within
instrument, and acknowledged to me that he/she/they executed the
same in his/her/their authorized capacity(ies), and that by
his/her/their signature(s) on the instrument the person(s), or the
entity upon behalf of which the person(s) acted, executed the
instrument.

WITNESS my hand and official seal.

Diana L. Kong

(S E A L)



STATE OF CALIFORNIACOUNTY OF SAN DIEGO

} ss.

On December 15, 1993, before me, the undersigned Notary
Public, personally appeared Marc Sandstrom

XX personally known to me

XX

~~XXXXXXXXXX proved to me on the basis of satisfactory evidence~~

to be the person~~(s)~~ whose name~~(s)~~ is~~(s)~~ subscribed to the within
instrument, and acknowledged to me that he~~(s)~~ executed the
same in his~~(s)~~ authorized capacity~~(s)~~, and that by
his~~(s)~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the
entity upon behalf of which the person~~(s)~~ acted, executed the
instrument.

WITNESS my hand and official seal.

Gail M. Lovejoy

(S E A L)



SCHEDULE 1

Legal Description

Parcel 1:

That portion of Lot 24 of New Riverside, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 679, filed in the Office of the County Recorder of San Diego County, August 11, 1891, described as follows:

Commencing at the Southeast corner of said Lot 24; thence along the Southerly line of said Lot 24, South 89°22'05" West, 37.00 feet to a point of cusp with the arc of a 20.00 foot radius curve, concave Northwesterly and being the True Point of beginning; thence Northeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to a point of tangency with the Westerly line of the Easterly 17.00 feet of said lot 24; thence along said Westerly line, North 00°37'55" West, 160.00 feet to the beginning of a tangent 20.00 foot radius curve, concave Southwesterly; thence Northwesterly along the arc of said curve, through a central angle of 90°00'00" a distance of 31.42 feet; thence tangent to said curve, South 89°22'05" West, 678.57 feet; thence South 00°37'55" East 200.00 feet to the Southerly line of said Lot 24; thence along said Southerly line, North 89°22'05" East, 678.57 feet to the True Point of beginning.

Parcel 2:

That portion of Lot 24 of New Riverside, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 679, filed in the Office of the County Recorder of San Diego County, August 11, 1891, described as follows:

Commencing at the Southeast corner of said Lot 24; thence along the Southerly line of said Lot 24, South 89°22'05" West, 37.00 feet to the point cusp with a tangent 20.00 foot radius curve, concave Northwesterly forming a portion of John J. Montgomery Drive; thence along the boundary of said drive as follows:

Northeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet; tangent to said curve North 00°37'55" West, 160.00 feet to the beginning of a tangent 20.00 foot radius curve concave Southwesterly; and Northwesterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to a point of tangency in the Southerly line of Gibbs Drive; thence along said Southerly line tangent to said curve South 89°22'05" West, 678.57 feet to the True Point of Beginning; thence continuing along said Southerly line South 89°22'05" West, 550.57 feet to the beginning of a tangent 20.00 foot radius curve, concave Southeasterly forming a portion of Glen L. Curtis Drive; thence along the boundary of said drive, last above referred to, as follows:

Southwesterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet; tangent to said curve South 00°37'55" East, 160.00 feet to the beginning of a tangent 20.00 foot radius curve, concave Northeasterly; and Southeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to the point of tangency in the Southerly line of said Lot 24; thence along said Southerly line, tangent to said curve North 89°22'05" East, 550.57 feet to a line which bears South 00°37'55" East from the true Point of beginning; thence North 00°37'55" West, 200.00 feet to the True Point of Beginning.

EXHIBIT "C"

**ASSIGNMENT AND ASSUMPTION
OF CONTRACTS AND LICENSES**

ASSIGNMENT AND ASSUMPTION OF CONTRACTS AND LICENSES, dated _____, 1993, between KEARNY MESA REALTY INC., a California corporation, having an office at c/o 599 Lexington Avenue, New York, New York 10043 ("Assignor"), and SAN DIEGO HOSPITAL ASSOCIATION, a California nonprofit public benefit corporation, having an office at 3131 Berger Street, San Diego, California 92123 ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor has this day sold and conveyed to assignee all of Assignor's leasehold interest in the real property more particularly described in Schedule "1" annexed hereto and made a part hereof (the "Premises").

ASSIGNMENT

NOW, THEREFORE, for good and valuable consideration paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest, if any, in and to (i) all of the licenses, permits, certificates, approvals, authorizations and variances issued for or with respect to the Premises by any governmental authority (collectively, the "Licenses"), and (ii) all purchase orders, equipment leases, advertising agreements, franchise agreements, license agreements, management agreements, leasing and brokerage agreements and other service contracts relating to the operation of the Premises (collectively, the "Contracts").

ASSUMPTION

ASSIGNEE HEREBY ACCEPTS the foregoing assignment and assumes and agrees to perform all of the obligations of Assignor under the Licenses and Contracts accruing from and after the date hereof.

SUCCESSORS AND ASSIGNS

This Assignment and Assumption of Contracts and Licenses shall be binding upon Assignor, Assignee and their respective successors and assigns.

ASSIGNEE FURTHER AGREES to defend and indemnify Assignor and any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other person or entity affiliated with Assignor (collectively, "Assignor's Affiliates") against, and to hold Assignor and Assignor's Affiliates harmless from, any and all claims, demands, causes of

action, losses, damages, liabilities, and costs and expenses (including, without limitation, attorney's fees and disbursements), whether foreseen or unforeseen, asserted against or incurred by Assignor or any of Assignor's Affiliates in connection with or arising out of acts or omissions of Assignee or its directors, officers, employees, affiliates, partners, brokers, agents, contractors, consultants and/or representatives, or other matters or occurrences that the place, from and after the date hereof relating to the Licenses, the Contracts and/or the Labor Contracts.

Assignee hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Assignor or Assignor's Affiliates, and hereby unconditionally and irrevocably fully releases and discharges Assignor and Assignor's Affiliates from any and all liability whatsoever which may now or hereafter accrue in favor of Assignee against Assignor or Assignor's Affiliates, in connection with or arising out of the Licenses or the Contracts.

This Assignment and Assumption of Contracts and Licenses is made without any covenant, warranty or representation by, or recourse against, Assignor or Assignor's Affiliates of any kind whatsoever.

IN WITNESS WHEREOF, this Assignment and Assumption of Contracts and Licenses has been executed on the date and year first above written.

ASSIGNOR:

KEARNY MESA REALTY INC.,
a California corporation

By: _____
Name: _____
Title: _____

ASSIGNEE:

SAN DIEGO HOSPITAL ASSOCIATION,
a California nonprofit public
benefit corporation

By: _____
Name: _____
Title: _____

Schedule 1

Description of Land

Parcel 1:

That portion of Lot 24 of New Riverside, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 679, filed in the Office of the County Recorder of San Diego County, August 11, 1891, described as follows:

Commencing at the Southeast corner of said Lot 24; thence along the Southerly line of said Lot 24, South 89°22'05" West, 37.00 feet to a point of cusp with the arc of a 20.00 foot radius curve, concave Northwesterly and being the True Point of beginning; thence Northeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to a point of tangency with the Westerly line of the Easterly 17.00 feet of said lot 24; thence along said Westerly line, North 00°37'55" West, 160.00 feet to the beginning of a tangent 20.00 foot radius curve, concave Southwesterly; thence Northwesterly along the arc of said curve, through a central angle of 90°00'00" a distance of 31.42 feet; thence tangent to said curve, South 89°22'05" West, 678.57 feet; thence South 00°37'55" East 200.00 feet to the Southerly line of said Lot 24; thence along said Southerly line, North 89°22'05" East, 678.57 feet to the True Point of beginning.

Parcel 2:

That portion of Lot 24 of New Riverside, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 679, filed in the Office of the County Recorder of San Diego County, August 11, 1891, described as follows:

Commencing at the Southeast corner of said Lot 24; thence along the Southerly line of said Lot 24, South 89°22'05" West, 37.00 feet to the point cusp with a tangent 20.00 foot radius curve, concave Northwesterly forming a portion of John J. Montgomery Drive; thence along the boundary of said drive as follows:

Northeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet; tangent to said curve North 00°37'55" West, 160.00 feet to the beginning of a tangent 20.00 foot radius curve concave Southwesterly; and Northwesterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to a point of tangency in the Southerly line of Gibbs Drive; thence along said Southerly line tangent to said curve South 89°22'05" West, 678.57 feet to the True Point of Beginning; thence continuing along said Southerly line South 89°22'05" West, 550.57 feet to the beginning of a tangent 20.00 foot radius curve, concave Southeasterly forming a portion of Glen L. Curtis Drive; thence along the boundary of said drive, last above referred to, as follows:

Southwesterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet; tangent to said curve South 00°37'55" East, 160.00 feet to the beginning of a tangent 20.00 foot radius curve, concave Northeasterly; and Southeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to the point of tangency in the Southerly line of said Lot 24; thence along said Southerly line, tangent to said curve North 89°22'05" East, 550.57 feet to a line which beats South 00°37'55" East from the true Point of beginning; thence North 00°37'55" West, 200.00 feet to the True Point of Beginning.

EXHIBIT "D"

**ASSIGNMENT AND ASSUMPTION
OF INTANGIBLE PROPERTY**

ASSIGNMENT AND ASSUMPTION OF INTANGIBLE PROPERTY, dated _____, 1993, between KEARNY MESA REALTY INC., a California corporation, having an office at c/o 599 Lexington Avenue, New York, New York 10043 ("Assignor"), and SAN DIEGO HOSPITAL ASSOCIATION, a California nonprofit public benefit corporation, having an office at 3131 Berger Street, San Diego, California 92123 ("Assignee").

W I T N E S S E T H:

WHEREAS, Assignor has this day sold and conveyed to assignee all of Assignor's leasehold interest in the real property more particularly described in Schedule "1" annexed hereto and made a part hereof (the "Premises").

ASSIGNMENT

NOW, THEREFORE, for good and valuable consideration paid by Assignee to Assignor, the receipt and sufficiency of which are hereby acknowledged, Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest, if any, in and to the intangible property relating to the operation of the Premises, including without limitation, any right of Assignor in the name "Montgomery Field Business Park" (collectively, the "Intangible Property").

ASSUMPTION

ASSIGNEE HEREBY ACCEPTS the foregoing assignment and assumes and agrees to perform all of the obligations of Assignor under or with respect to the Intangible Property accruing from and after the date hereof.

SUCCESSORS AND ASSIGNS

This Assignment and Assumption of Contracts and Licenses shall be binding upon Assignor, Assignee and their respective successors and assigns.

ASSIGNEE FURTHER AGREES to defend and indemnify Assignor and any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other person or entity affiliated with Assignor (collectively, "Assignor's Affiliates") against, and to hold Assignor and Assignor's Affiliates harmless from, any and all claims, demands, causes of action, losses, damages, liabilities, and costs and expenses (including, without limitation, attorney's fees and disbursements), whether foreseen or unforeseen, asserted against or incurred by

Assignor or any of Assignor's Affiliates in connection with or arising out of acts or omissions of Assignee or its directors, officers, employees, affiliates, partners, brokers, agents, contractors, consultants and/or representatives, or other matters or occurrences that take place, from and after the date hereof relating to the Intangible Property.

Assignee hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Assignor or Assignor's Affiliates, and hereby unconditionally and irrevocably fully releases and discharges Assignor and Assignor's Affiliates from any and all liability whatsoever which may now or hereafter accrue in favor of Assignee against Assignor or Assignor's Affiliates, in connection with or arising out of the Licenses or the Contracts.

This Assignment and Assumption of Contracts and Licenses is made without any covenant, warranty or representation by, or recourse against, Assignor or Assignor's Affiliates of any kind whatsoever.

IN WITNESS WHEREOF, this Assignment and Assumption of Contracts and Licenses has been executed on the date and year first above written.

ASSIGNOR:

KEARNY MESA REALTY INC.,
a California corporation

By: _____
Name: _____
Title: _____

ASSIGNEE:

SAN DIEGO HOSPITAL ASSOCIATION,
a California nonprofit public
benefit corporation

By: _____
Name: _____
Title: _____

Schedule 1

Description of Land

Parcel 1:

That portion of Lot 24 of New Riverside, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 679, filed in the Office of the County Recorder of San Diego County, August 11, 1891, described as follows:

Commencing at the Southeast corner of said Lot 24; thence along the Southerly line of said Lot 24, South 89°22'05" West, 37.00 feet to a point of cusp with the arc of a 20.00 foot radius curve, concave Northwesterly and being the True Point of beginning; thence Northeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to a point of tangency with the Westerly line of the Easterly 17.00 feet of said lot 24; thence along said Westerly line, North 00°37'55" West, 160.00 feet to the beginning of a tangent 20.00 foot radius curve, concave Southwesterly; thence Northwesterly along the arc of said curve, through a central angle of 90°00'00" a distance of 31.42 feet; thence tangent to said curve, South 89°22'05" West, 678.57 feet; thence South 00°37'55" East 200.00 feet to the Southerly line of said Lot 24; thence along said Southerly line, North 89°22'05" East, 678.57 feet to the True Point of beginning.

Parcel 2:

That portion of Lot 24 of New Riverside, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 679, filed in the Office of the County Recorder of San Diego County, August 11, 1891, described as follows:

Commencing at the Southeast corner of said Lot 24; thence along the Southerly line of said Lot 24, South 89°22'05" West, 37.00 feet to the point cusp with a tangent 20.00 foot radius curve, concave Northwesterly forming a portion of John J. Montgomery Drive; thence along the boundary of said drive as follows:

Northeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet; tangent to said curve North 00°37'55" West, 160.00 feet to the beginning of a tangent 20.00 foot radius curve concave Southwesterly; and Northwesterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to a point of tangency in the Southerly line of Gibbs Drive; thence along said Southerly line tangent to said curve South 89°22'05" West, 678.57 feet to the True Point of Beginning; thence continuing along said Southerly line South 89°22'05" West, 550.57 feet to the beginning of a tangent 20.00 foot radius curve, concave Southeasterly forming a portion of Glen L. Curtis Drive; thence along the boundary of said drive, last above referred to, as follows:

Southwesterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet; tangent to said curve South 00°37'55" East, 160.00 feet to the beginning of a tangent 20.00 foot radius curve, concave Northeasterly; and Southeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to the point of tangency in the Southerly line of said Lot 24; thence along said Southerly line, tangent to said curve North 89°22'05" East, 550.57 feet to a line which beats South 00°37'55" East from the true Point of beginning; thence North 00°37'55" West, 200.00 feet to the True Point of Beginning.

EXHIBIT "E"

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS,

That KEARNY MESA REALTY INC., a California corporation, having an office at c/o 599 Lexington Avenue, New York, New York 10043 ("Seller"), for good and valuable consideration paid to Seller by SAN DIEGO HOSPITAL ASSOCIATION, a California nonprofit public benefit corporation, having an office at 3131 Berger Street, San Diego, California 92123 ("Purchaser"), the receipt and sufficiency of which are hereby acknowledged, does hereby sell, grant, convey and transfer to Purchaser all of Seller's right, title and interest, if any, in and to all the fixtures, machinery, equipment, supplies and other articles of personal property described in Schedule "1" annexed hereto and made a part hereof which are attached or appurtenant to, or used in connection with, the real property more particularly described in Schedule "2" annexed hereto and made a part hereof (the "Premises"), but excluding property (i) removable by any tenants pursuant to their respective leases, licenses or other occupancy agreements covering portions of the Premises, (ii) owned by public utility suppliers and (iii) owned by any cleaning or other independent contractors (collectively, the "Personal Property").

Purchaser hereby unconditionally waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Seller or any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other person or entity affiliated with Seller (collectively, "Seller's Affiliates"), and hereby unconditionally and irrevocably fully releases Seller and Seller's Affiliates from any and all liability whatsoever which may now or hereafter accrue in favor of Purchaser against Seller or Seller's Affiliates, in connection with or arising out of the Personal Property.

This Bill of Sale is made without any covenant warranty or representation by, or recourse against, Seller or Seller's Affiliates of any kind whatsoever.

IN WITNESS WHEREOF, Seller and Purchaser have executed this Bill of Sale on _____, 1993.

SELLER:

KEARNY MESA REALTY INC.,
a California corporation

By: _____
Name: _____
Title: _____

PURCHASER:

SAN DIEGO HOSPITAL ASSOCIATION,
a California nonprofit public
benefit corporation

By: _____
Name: _____
Title: _____

Schedule 1

Description of Land

Parcel 1:

That portion of Lot 24 of New Riverside, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 679, filed in the Office of the County Recorder of San Diego County, August 11, 1891, described as follows:

Commencing at the Southeast corner of said Lot 24; thence along the Southerly line of said Lot 24, South 89°22'05" West, 37.00 feet to a point of cusp with the arc of a 20.00 foot radius curve, concave Northwesterly and being the True Point of beginning; thence Northeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to a point of tangency with the Westerly line of the Easterly 17.00 feet of said lot 24; thence along said Westerly line, North 00°37'55" West, 160.00 feet to the beginning of a tangent 20.00 foot radius curve, concave Southwesterly; thence Northwesterly along the arc of said curve, through a central angle of 90°00'00" a distance of 31.42 feet; thence tangent to said curve, South 89°22'05" West, 678.57 feet; thence South 00°37'55" East 200.00 feet to the Southerly line of said Lot 24; thence along said Southerly line, North 89°22'05" East, 678.57 feet to the True Point of beginning.

Parcel 2:

That portion of Lot 24 of New Riverside, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 679, filed in the Office of the County Recorder of San Diego County, August 11, 1891, described as follows:

Commencing at the Southeast corner of said Lot 24; thence along the Southerly line of said Lot 24, South 89°22'05" West, 37.00 feet to the point cusp with a tangent 20.00 foot radius curve, concave Northwesterly forming a portion of John J. Montgomery Drive; thence along the boundary of said drive as follows:

Northeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet; tangent to said curve North 00°37'55" West, 160.00 feet to the beginning of a tangent 20.00 foot radius curve concave Southwesterly; and Northwesterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to a point of tangency in the Southerly line of Gibbs Drive; thence along said Southerly line tangent to said curve South 89°22'05" West, 678.57 feet to the True Point of Beginning; thence continuing along said Southerly line South 89°22'05" West, 550.57 feet to the beginning of a tangent 20.00 foot radius curve, concave Southeasterly forming a portion of Glen L. Curtis Drive; thence along the boundary of said drive, last above referred to, as follows:

Southwesterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet; tangent to said curve South 00°37'55" East, 160.00 feet to the beginning of a tangent 20.00 foot radius curve, concave Northeasterly; and Southeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to the point of tangency in the Southerly line of said Lot 24; thence along said Southerly line, tangent to said curve North 89°22'05" East, 550.57 feet to a line which beats South 00°37'55" East from the true Point of beginning; thence North 00°37'55" West, 200.00 feet to the True Point of Beginning.

Schedule 2

Description of Specific Items of Personal Property

1 office desk
1 office chair

EXHIBIT "F"

NOTICE TO TENANTS

[JOINT LETTERHEAD OF SELLER AND PURCHASER]

_____, 1993

[Tenant's Name and Address]

Re: [Building Address]

(the "Building")

Gentlemen:

With reference to your lease of space in the Building, please be advised that KEARNY MESA REALTY INC. has this day sold, transferred and assigned the Building and your lease to SAN DIEGO HOSPITAL ASSOCIATION ("Purchaser").

[Insert the following if there is a security deposit being transferred: Please be further advised that the security deposit under your lease and the accrued interest thereon, if any, have been turned over to the Purchaser, whose address is 3131 Berger Street, San Diego, California 92123.

Finally, until you receive further notice from Purchaser, all rent checks and other payments under your lease should henceforth be made payable to _____
[, the managing agent for the Building,] and mailed or delivered to their office at _____, and all

notices to the landlord under your lease should also be addressed to the Purchaser at the foregoing address.

Very truly yours,

SELLER:

KEARNY MESA REALTY INC.,
a California corporation

By: _____
Name:
Title:

PURCHASER:

SAN DIEGO HOSPITAL ASSOCIATION,
a California nonprofit public
benefit corporation

By: _____
Name:
Title:

EXHIBIT "G"

FORM OF
TENANT ESTOPPEL CERTIFICATE

_____, 1993

To: _____

_____ ("Purchaser")

Re: Lease dated _____ (the "Lease") between
_____, as landlord ("Landlord"), and
_____, as tenant, regarding certain space
described in the Lease located in the building known as
_____ (the "Premises").

Ladies/Gentlemen:

At the request of Landlord, and knowing that you are relying on the accuracy of the information contained herein, the undersigned hereby certifies that, to the undersigned's knowledge:

1. The Lease is in full force and effect and has not been modified or, if the Lease has been modified, the following is a list of all modifications to the Lease and, as modified, the Lease is in full force and effect (if there are no modifications, please state "none"): _____;

2. The rent and all other amounts payable by the undersigned under the Lease have been paid through _____; and

3. The undersigned has not given Landlord any written notice claiming that Landlord is in default under the Lease, which default remains uncured, except for the following written notices, if any (if none, please state "none"):

_____.

This letter is being furnished to Purchaser in connection with its acquisition of the Premises and may be relied upon by Purchaser, Landlord and Purchaser's lender, if any, in connection with any loan Purchaser may obtain with respect to the Premises, and by their respective successors and assigns.

Very truly yours,

TENANT:

[_____]

By: _____
Name:
Title:

EXHIBIT "I"

[Letterhead of Purchaser's Representative]

_____, 1993

Kearny Mesa Realty Inc.
c/o Citicorp Real Estate, Inc.
599 Lexington Avenue
New York, New York 10043
Attention: _____

Re: 8525, 8575, 8665 Gibbs Drive and
8690 Aero Drive, San Diego, California

Gentlemen:

Reference is made to a certain Sale-Purchase Agreement dated November 16, 1993 (the "Sale-Purchase Agreement") between Kearny Mesa Realty Inc., a California corporation ("Seller") and San Diego Hospital Association, a California nonprofit public benefit corporation ("Purchaser") relating to Purchaser's acquisition of the Premises from Seller (the "Transaction"). Except as otherwise defined herein, all capitalized terms used herein shall have the same meanings as set forth in the Sale-Purchase Agreement.

In consideration of Seller giving the undersigned access to the Premises and/or to the Property Information, the undersigned agrees for the benefit of Seller and Seller's Affiliates as follows:

1. In connection with the Transaction, the undersigned is acting as a Purchaser's Representative. The undersigned acknowledges that it has been furnished by Purchaser with a copy of the relevant provisions of the Sale-Purchase Agreement and agrees to comply with, and to be bound by, those terms and provisions of the Sale-Purchase Agreement applicable in any way to the undersigned's performance of its activities as a Purchaser's Representative, including, without limitation, those contained in Section 24 and the last sentence of Section 4(a)(i) thereof, with the same full force and effect as if the undersigned were a party to the Sale-Purchase Agreement, and such terms are hereby incorporated into this letter agreement by this reference and made a part hereof. Without limiting the operation of the foregoing provisions of this Paragraph 1, the undersigned hereby agrees, with regard to the undersigned's performance of its activities as a Purchaser's Representative, to indemnify and hold harmless Seller and Seller's Affiliates in the manner and to the same extent as provided in Section 24(c) of the Sale-Purchase Agreement.

2. The undersigned further expressly acknowledges and agrees to the provisions of Section 14(c) and Sections 25(a), (b), (e),

(g), (l) and (n) of the Sale-Purchase Agreement, all with the same force and effect as if the undersigned were a party to the Sale-Purchase Agreement, and such Sections are hereby incorporated into this letter agreement by this reference and made a part hereof.

3. The provisions of Paragraph 1 and 2 above shall survive the termination of this letter agreement and the Sale-Purchase Agreement, and the Closing.

Very truly yours,

[PURCHASER'S REPRESENTATIVE]

By: _____

Name:

Title:

EXHIBIT "J"

CITY OF SAN DIEGO
CONSENT TO ASSIGNMENT AND ASSUMPTION OF GROUND LEASES

The City of San Diego (CITY), as LESSOR entered into a _____ Lease Agreement, hereinafter named "the Lease," with _____, dba _____ (LESSEE) on _____, 19____, a copy of which is filed in the office of the City Clerk as Document RR-_____.

CITY hereby consents to an assignment of the Lease from _____ (ASSIGNOR) to _____ dba _____ (ASSIGNEE), in accordance with the terms and conditions set out in the attached assignment and Assumption of Ground Leases entered into between ASSIGNOR and ASSIGNEE on November 16, 1993 and in accordance with additional conditions as follows:

The CITY is merely approving the assignment and assumption of the Lease and all terms and conditions of the Lease shall control and supersede any inconsistency or contrary provisions in the attached Assignment and Assumption of Ground Leases. The CITY is not bound by any term or condition in the attached documents, which in any way conflicts with or is additional to the provisions of the Lease, except as otherwise approved herein.

THE CITY OF SAN DIEGO

Dated: _____

By: _____
Deputy City Manager

Approved as to form this _____ day of _____, 1993

JOHN W. WITT, CITY ATTORNEY

By: _____
Chief Deputy City Attorney

EXHIBIT "K"

**FORM OF ESTOPPEL CERTIFICATE
FROM CITY OF SAN DIEGO**

_____, 1993

To: San Diego Hospital Association
3131 Berger Street
San Diego, CA 92123
Attn: Marc Sandstrom

Re: (i) Flat Rate Lease Filed May 3, 1978 as Document
No. 763376 in the Office of the City Clerk (Lease No. 1)
and (ii) Flat Rate Lease filed July 31, 1979 as Document
No. 766982 in the Office of the City Clerk (Lease No. 2)

Ladies/Gentlemen:

At your request, and knowing that you are relying on the accuracy of the information contained herein, the undersigned City of San Diego, as landlord under both of the above referenced leases, hereby certifies that, to the undersigned's knowledge:

1. Lease No. 1 and Lease No. 2 are each in full force and effect and have not been modified and a full copy of each lease is attached hereto as Schedule 1 and Schedule 2, respectively;
2. The rent and all other amounts payable by the undersigned under Lease No. 1 have been paid through _____; and
3. The rent and all other amounts payable by the undersigned under Lease No. 2 have been paid through _____;
4. The undersigned has not given the tenant under Lease No. 1 or Lease No. 2 any written notice claiming that tenant is in default under either Lease, which default remains uncured;
5. The base monthly rent currently payable under Lease No. 1 is \$ _____; and
6. The base monthly rent currently payable under Lease No. 2 is \$ _____.

This letter is being furnished to you in connection with your acquisition of the premises described in the respective leases and may be relied upon by you and your lender, if any, in connection with any loan you may obtain with respect to such premises, and by your respective successors and assigns.

Very truly yours,

THE CITY OF SAN DIEGO

By: _____
Its: _____

Schedule 1

Legal Description of Land

Parcel 1:

That portion of Lot 24 of New Riverside, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 679, filed in the Office of the County Recorder of San Diego County, August 11, 1891, described as follows:

Commencing at the Southeast corner of said Lot 24; thence along the Southerly line of said Lot 24, South 89°22'05" West, 37.00 feet to a point of cusp with the arc of a 20.00 foot radius curve, concave Northwesterly and being the True Point of beginning; thence Northeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to a point of tangency with the Westerly line of the Easterly 17.00 feet of said lot 24; thence along said Westerly line, North 00°37'55" West, 160.00 feet to the beginning of a tangent 20.00 foot radius curve, concave Southwesterly; thence Northwesterly along the arc of said curve, through a central angle of 90°00'00" a distance of 31.42 feet; thence tangent to said curve, South 89°22'05" West, 678.57 feet; thence South 00°37'55" East 200.00 feet to the Southerly line of said Lot 24; thence along said Southerly line, North 89°22'05" East, 678.57 feet to the True Point of beginning.

Parcel 2:

That portion of Lot 24 of New Riverside, in the City of San Diego, County of San Diego, State of California, according to Map thereof No. 679, filed in the Office of the County Recorder of San Diego County, August 11, 1891, described as follows:

Commencing at the Southeast corner of said Lot 24; thence along the Southerly line of said Lot 24, South 89°22'05" West, 37.00 feet to the point cusp with a tangent 20.00 foot radius curve, concave Northwesterly forming a portion of John J. Montgomery Drive; thence along the boundary of said drive as follows:

Northeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet; tangent to said curve North 00°37'55" West, 160.00 feet to the beginning of a tangent 20.00 foot radius curve concave Southwesterly; and Northwesterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to a point of tangency in the Southerly line of Gibbs Drive; thence along said Southerly line tangent to said curve South 89°22'05" West, 678.57 feet to the True Point of Beginning; thence continuing along said Southerly line South 89°22'05" West, 550.57 feet to the beginning of a tangent 20.00 foot radius curve, concave Southeasterly forming a portion of Glen L. Curtis Drive; thence along the boundary of said drive, last above referred to, as follows:

Southwesterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet; tangent to said curve South 00°37'55" East, 160.00 feet to the beginning of a tangent 20.00 foot radius curve, concave Northeasterly; and Southeasterly along the arc of said curve through a central angle of 90°00'00" a distance of 31.42 feet to the point of tangency in the Southerly line of said Lot 24; thence along said Southerly line, tangent to said curve North 89°22'05" East, 550.57 feet to a line which beats South 00°37'55" East from the true Point of beginning; thence North 00°37'55" West, 200.00 feet to the True Point of Beginning.

Schedule 2
Intentionally Deleted

Schedule 3

Permitted Encumbrances

Purchaser shall take title to the Premises subject to:

1. Present and future zoning laws, ordinances, resolutions, orders and regulations of all municipal, county, state or federal governments having jurisdiction over the Premises and the use of improvements thereon.

2. All covenants, restrictions, easements, encumbrances and agreements as shown in that certain Preliminary Report issued by Commonwealth Title Insurance Company dated September 23, 1993, Order No. 953100-6.

3. Such state of facts as a physical inspection of the fixtures, equipment and personal property included in this sale would disclose.

4. The lien of any unpaid real estate taxes, water charges and sewer rents for the fiscal year(s) or other applicable period in which the Closing occurs, provided same are apportioned at the Closing in accordance with this Agreement.

5. The lien of all unpaid assessments encumbering the Premises on the date of this Agreement, and installments thereof, due and payable on or after the Closing Date, provided the same are apportioned at the Closing in accordance with this Agreement.

6. All liens and encumbrances resulting from the Investigations or any and all other activities undertaken by Purchaser or Purchaser's Representatives.

7. Building codes and restrictions heretofore or hereafter adopted by any public agency.

8. Leases and New Leases.

9. Contracts.

10. The printed standard exceptions listed in the title policy.

Schedule 4
List of Leases

<u>TENANT</u>	<u>ADDRESS</u>	<u>SECURITY DEPOSIT</u>
<u>Building 1</u>		
8665 Gibbs Drive	8665	None
United States of America dba Federal Aviation Administration	Suite 100	
PSI World, Inc. dba PSI	8665 Suite 110	5,520.00
Pacific Coast Collections, Inc. dba Same	8665 Suite 150	3,519.75
Pacific Coast Collections, Inc. dba Same	8665 Suite 200	None
<u>Building 2</u>		
8690 Aero Drive	8690 Aero	984.30
Mary Golden Discount Sales, Inc. dba Same	Suite 102	
Tengu Restaurants, Inc. dba Tengu Restaurant	8690 Aero Suite 105, 106, 111	2,829.45
Minh Hy Nguyen dba Video 99	8690 Aero Suite 112	927.73
Pizza Hut of San Diego, Inc. dba Pizza Hut #705118	8690 Aero Suite 114	None
Lyle & Thelma Starkweather dba Aero Mail	8690 Aero Suite 115	1,146.60
Action Data, Inc. dba Same	8690 Aero Suite 116	1,163.50
Dolores Villarreal dba Special Travel Services	8690 Aero Suite 117	581.75
Bun Tek Ngoy and Suganthini Ngoy dba Christy's Donuts	8690 Aero Suite 118	787.60
John IK & Linda Y. Kim dba B & B Deli	8690 Aero Suite 120	2,591.84
Somchat & Kuttalee Chauvapan dba Clown Market	8690 Aero Suite 130	1,728.00

<u>TENANT</u>	<u>ADDRESS</u>	<u>SECURITY DEPOSIT</u>
<u>Building 3</u>		
8575 Gibbs Drive	8575	11,705.52
Orthopaedic & Arthroscopic Sports Injury Specialists Medical Group, Inc. dba OASIS	Suite 110	
Environmental Security Shutters dba Same	8575 Suite 112	None
Mantech International Corporation dba Technology Management Corporation	8575 Suite 200	2,728.50
<u>Building 4</u>		
8525 Gibbs Drive	8525	None
County of San Diego dba Department of Public Defenders	Suite 105	
United States of America dba Federal Aviation Administration	8525 Suite 110	None
Tandem Computers, Inc. dba Tandem Computers	8525 Suite 200	None
County of San Diego dba Alternate Public Defender	8525 Suite 202	None
Eden's Broadcasting, Inc. dba Q-106 Radio	8525 Suite 204	9,441.90
County of San Diego dba Alternate Public Defender	8525 Suite 208	None
County of San Diego dba Department of Public Defenders	8525 Suite 300	None
Systems Engineering & Management dba Same	8525 Suite 304/6	2,940.00

Schedule 5
List of Actions

None

Schedule 6
Intentionally Deleted

Schedule 7

Intangible Property

See Exhibit D for description of Intangible Property transferred.

Schedule 8
Insurance Policies

None.

SUMMARY OF SALE-PURCHASE AGREEMENT
RELATING TO ASSIGNMENT OF GROUND LEASES
BY THE CITY OF SAN DIEGO
PROPERTIES LOCATED AT
8525, 8575 AND 8665 GIBBS DRIVE,
SAN DIEGO, CALIFORNIA, AND
8690 AERO DRIVE, SAN DIEGO, CALIFORNIA

Parties:

San Diego Hospital Association (Purchaser)
Kearny Mesa Realty, Inc. (Seller)

Properties to be Transferred:

All buildings and other improvements located on the properties described above, together with all of the tenant's interests in two ground leases with the City of San Diego, as landlord, under (i) Flat Rate Lease recorded March 20, 1979, as File No. 79-115029 in the San Diego County Recorder's Office, and (ii) Flat Rate Lease recorded May 27, 1980, as File No. 80-170706 in the San Diego County Recorder's Office.

Purchase Price:

\$4,000,000.00

Initial Down Payment:

\$100,000.00

Remainder of purchase price to be paid at closing.

Scheduled Closing Date:

On or before December 15, 1993

Additional Terms:

Purchaser (San Diego Hospital Association) to assume all obligations under each Ground Lease arising on or after the Closing Date.

EXHIBIT "K"

FORM OF ESTOPPEL CERTIFICATE
FROM CITY OF SAN DIEGO

December 14, 1993

To: San Diego Hospital Association
3131 Berger Street
San Diego, CA 92123
Attn: Marc Sandstrom

Re: (i) Flat Rate Lease Filed May 3, 1978 as Document
No. 763376 in the Office of the City Clerk (Lease No. 1)
and (ii) Flat Rate Lease filed July 31, 1979 as Document
No. 766982 in the Office of the City Clerk (Lease No. 2)

Ladies/Gentlemen:

At your request, and knowing that you are relying on the accuracy of the information contained herein, the undersigned City of San Diego, as landlord under both of the above referenced leases, hereby certifies that, to the undersigned's knowledge:

1. Lease No. 1 and Lease No. 2 are each in full force and effect and have not been modified and a full copy of each lease is attached hereto as Schedule 1 and Schedule 2, respectively;

2. The rent and all other amounts payable by the undersigned under Lease No. 1 have been paid through 12/31/93; and

3. The rent and all other amounts payable by the undersigned under Lease No. 2 have been paid through 12/31/93;

4. The undersigned has not given the tenant under Lease No. 1 or Lease No. 2 any written notice claiming that tenant is in default under either Lease, which default remains uncured;

5. The base monthly rent currently payable under Lease No. 1 is \$ 4,871.69; and

6. The base monthly rent currently payable under Lease No. 2 is \$ 3579.72.

This letter is being furnished to you in connection with your acquisition of the premises described in the respective leases and may be relied upon by you and your lender, if any, in connection with any loan you may obtain with respect to such premises, and by your respective successors and assigns.

Very truly yours,

THE CITY OF SAN DIEGO

By: Deana L. Drake
Its: Property Agent, MYF

SALE-PURCHASE AGREEMENT

between

**KEARNY MESA REALTY INC.,
Seller**

and

**SAN DIEGO HOSPITAL ASSOCIATION,
Purchaser**

Dated as of November 16, 1993

SALE-PURCHASE AGREEMENT (this "Agreement"), dated as of the Sixteenth day of November, 1993, by and between KEARNY MESA REALTY INC., a California corporation, having an office c/o 599 Lexington Avenue, New York, New York 10043 ("Seller"), and SAN DIEGO HOSPITAL ASSOCIATION, a California non-profit public benefit corporation, having an office at 3131 Berger Street, San Diego, California 92123 ("Purchaser").

W I T N E S S E T H

WHEREAS, Seller is the owner of the Premises located at 8525, 8575, 8665 Gibbs Drive and 8690 Aero Drive, San Diego, California;

WHEREAS, Purchaser acknowledges that Seller acquired its interest in the Premises through foreclosure, deed-in-lieu of foreclosure or other arrangement involving the prior owner of the Premises and an affiliate of Seller which held a mortgage, deed of trust or other security interest encumbering the Premises to secure an indebtedness owed by such prior owner to such affiliate;

WHEREAS, Purchaser further acknowledges that, due to the circumstances surrounding Seller's acquisition of the Premises, such acquisition was subject to such facts, circumstances, defects and problems which existed with respect to the Premises at the time of such acquisition and for which Seller is not responsible;

WHEREAS, Purchaser agrees to purchase the Premises in its "AS-IS-WHERE-IS AND WITH ALL FAULTS" condition and further acknowledges that, except as set forth herein, Seller has made no representations or warranties to Purchaser regarding the Premises or the operation thereof; and

WHEREAS, Seller and Purchaser now desire to enter into an agreement whereby, subject to the terms and conditions contained herein, Seller shall sell the Premises to Purchaser and Purchaser shall purchase the Premises from Seller.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, and intending to be legally bound hereby, it is hereby agreed as follows:

1. Sale of Premises

(a) Seller agrees to sell and convey to Purchaser, and Purchaser agrees to purchase from Seller, at the price and upon the terms and conditions set forth in this Agreement, all of Seller's right, title and interest, if any, in and to that

certain leasehold interest arising under (a) that certain ground lease entitled "Flat Rate Lease" recorded March 20, 1979 as File No. 79-115029 in the Office of the County Recorder of San Diego, California with attached Addendum, and entered into between Montgomery Field One, a partnership, as lessee, and the City of San Diego, a municipal corporation, as lessor (the "Montgomery Field One Ground Lease"), and (b) that certain ground lease entitled "Flat Rate Lease," recorded May 27, 1980 as File No. 80-170706 in the Office of the County Recorder of San Diego, California, with attached Addendum, and entered into between Montgomery Field Two, a partnership, as lessee, and the City of San Diego, a municipal corporation, as lessor (the "Montgomery Field Two Ground Lease"). The Montgomery Field One Ground Lease and the Montgomery Field Two Ground Lease are referred to together herein as the "Ground Leases." The Ground Leases cover that certain Land (the "Land") located in San Diego, California, and more particularly described in Schedule "1" attached hereto and made a part hereof. Seller further agrees to sell to Purchaser, and Purchaser agrees to purchase from Seller, on the terms and conditions set forth in the Agreement, all of Seller's right, title and interest, if any, in and to all buildings and other improvements situated on the Land (collectively, the "Buildings"), together with Seller's right, title and interest, if any, in and to all (i) appurtenances, streets, alleys, easements, rights of way in and to all streets or other interests, in, on, across, in front, abutting or enjoining the Land (ii) contract agreements, leases, warranties and guaranties respecting the Land and Buildings, to the extent the same are transferable without the consent of third parties and without the payment of any sums or fees by Seller, (iii) licenses, permits, authorizations and approvals issued by governmental authorities respecting the Land and the Buildings, to the extent that same are transferable without the consent of any third parties and without the payment of any sums or fees by Seller, and (iv) intangible property owned by Seller with respect to the operation of the Premises, including any rights to the name "Montgomery Field Business Park." Seller's right, title and interest, if any, in and to the Ground Lease, Buildings and all of the foregoing items listed in clauses (i) - (iii) above are hereinafter sometimes collectively referred to as the "Premises."

(b) Specifically excluded from the Premises and this sale are all items of personal property not described in Section 1(a).

2. Purchase Price

The purchase price to be paid by Purchaser to Seller for the Premises (the "Purchase Price") is Four Million (\$4,000,000) Dollars payable as follows:

(a) One Hundred Thousand (\$100,000) Dollars (the "Downpayment"), simultaneously with the execution and delivery of this Agreement, by delivery to Commonwealth Land Title Company, 3333 Camino del Rio South, San Diego, California ("Escrow Agent") of a good, unendorsed certified or official bank check, subject to collection, payable to the order of Escrow Agent, as escrow agent, and drawn upon a bank which is a member institution of the New York Clearing House Association (a "Clearing House Bank"), or at Seller's election, by a bank wire transfer of immediately available funds to an account designated by Escrow Agent. The Downpayment shall be held and disbursed by Escrow Agent in accordance with the terms of Section 20. If the Closing shall occur, Seller shall be entitled to receive the Downpayment and all interest accrued thereon, if any, and such interest shall be credited against the portion of the Purchase Price payable pursuant to Section 2(b); and

(b) Three Million Nine Hundred Thousand (\$3,900,000) Dollars at the Closing by delivery to Seller through Escrow Agent of a good, unendorsed certified or official bank check, subject to collection, payable to the order of Seller, and drawn on a Clearing House Bank, or at Seller's election, by bank wire transfer of immediately available funds to Seller's account or to the account or accounts of such other party or parties as may be designated by Seller on or before the Closing Date.

3. Apportionments

(a) The following shall be apportioned between Seller and Purchaser at the Closing as of midnight of the day preceding the Closing Date:

(i) prepaid rents and Additional Rents and other amounts payable by tenants, if, as and when received, and any rents and other sums paid by Seller under the Ground Leases;

(ii) real estate taxes, water charges, sewer rents and vault charges, if any, on the basis of the fiscal years, respectively, for which same have been assessed;

(iii) intentionally deleted;

(iv) intentionally deleted;

(v) charges and payments under transferable Contracts or permitted renewals or replacements thereof;

(vi) any prepaid items, including, without limitation, fees for licenses which are transferred to Purchaser at the Closing and annual permit and inspection fees;

(vii) utilities, including, without limitation, telephone, steam, electricity and gas, on the basis of the most recently issued bills therefor, subject to adjustment after the Closing when the next bills are available, or if current meter readings are available, on the basis of such readings;

(viii) deposits with telephone and other utility companies, and any other persons or entities who supply goods or services in connection with the Premises if same are assigned to Purchaser at the Closing, which shall be credited in their entirety to Seller;

(ix) personal property taxes, if any, on the basis of the fiscal year for which assessed;

(x) Seller's share, if any, of all revenues from the operation of the Premises other than rents and Additional Rents (including, without limitation, parking charges, and telephone booth and vending machine revenues), if, as and when received;

(xi) intentionally deleted;

(xii) intentionally deleted;

(xiii) intentionally deleted;

(xiv) escrow fees shall be paid one-half by Seller and one-half by Buyer; and

(xv) such other items as are customarily apportioned between sellers and purchasers of real properties of a type similar to the Premises and located in the City of San Diego, County of San Diego and State of California.

(b) If the Closing shall occur before a new real estate or personal property tax rate is fixed, the apportionment of taxes at the Closing shall be upon the basis of the old tax rate for the preceding fiscal year applied to the latest assessed valuation. Promptly after the new tax rate is fixed, the apportionment of taxes shall be recomputed and any discrepancy resulting from such recomputation and any

errors or omissions in computing apportionments at Closing shall be promptly corrected and the proper party reimbursed, which obligations shall survive the Closing in accordance with Section 3(f).

(c) (i) If on the Closing Date any tenant is in arrears in the payment of rent or has not paid the rent payable by it for the month in which the Closing occurs (whether or not it is in arrears for such month on the Closing Date), any rents received by Purchaser or Seller from such tenant after the Closing shall be applied to amounts then due and payable by such tenant during the following periods in the following order of priority: (A) first, to the period following the Closing, and (B) second, to the period preceding the Closing. If rents or any portion thereof received by Seller or Purchaser after the Closing are due and payable to the other party by reason of this allocation, the appropriate sum, less a proportionate share of any reasonable attorneys' fees and costs and expenses expended in connection with the collection thereof, shall be promptly paid to the other party.

(ii) If any tenants are required to pay percentage rent, escalation charges for real estate taxes, parking charges, operating expenses and maintenance escalation rents or charges, cost-of-living increases or other charges of a similar nature ("Additional Rents") and any Additional Rents are collected by Purchaser from a tenant after the Closing Date, then Purchaser shall promptly pay to Seller out of such sums received from such tenant Seller's prorata share of such sums (based on the portion of such sums allocable to the period prior to the Closing Date versus the share, if any, allocable to the period following the Closing Date), less a proportionate share of any reasonable attorneys' fees and costs and expenses of collection thereof.

(iii) The provisions of this Section 3(c) shall survive the Closing.

(d) After the Closing, Seller shall continue to have the right, in its own name, to demand payment of and to collect rent and Additional Rent arrearages owed to Seller by any tenant, which right shall include, without limitation, the right to continue or commence legal actions or proceedings against any tenant, and delivery of the Lease Assignment shall not constitute a waiver by Seller of such right. Purchaser agrees to reasonably cooperate with Seller in connection with all efforts by Seller to collect such rents and Additional Rents and to take all steps, whether before or after the Closing Date, as may be necessary to carry out the intention of the foregoing, including, without limitation, the delivery to Seller, upon demand, of any relevant books and records

(including any rent or Additional Rent statements, receipted bills and copies of tenant checks used in payment of such rent or Additional Rent), the execution of any and all consents or other documents, and the undertaking of any act necessary for the collection of such rents and Additional Rents by Seller; provided, however, that Purchaser shall not be required to incur any material cost or expense and nor shall Purchaser be required to terminate any existing lease. The provisions of this Section 3(d) shall survive the Closing.

(e) If there is a water meter on the Premises, Seller shall furnish a reading to a date not more than thirty (30) days prior to the Closing Date, and the unfixed water charges and sewer rent, if any, based thereon for the intervening time shall be apportioned on the basis of such last reading.

(f) If any of the items subject to apportionment under the foregoing provisions of this Section 3 cannot be apportioned at the Closing because of the unavailability of the information necessary to compute such apportionment, or if any errors or omissions in computing apportionments at the Closing are discovered subsequent to the Closing, then such item shall be reapportioned and such errors and omissions corrected as soon as practicable after the Closing Date and the proper party reimbursed, which obligation shall survive the Closing for a period of one hundred eighty (180) days after the Closing Date as hereinafter provided. Neither party hereto shall have the right to require a recomputation of a Closing apportionment or a correction of an error or omission in a Closing apportionment unless within the aforesaid one hundred eighty (180) day period one of the parties hereto (i) has obtained the previously unavailable information or has discovered the error or omission, and (ii) has given notice thereof to the other party, together with a copy of its good faith recomputation of the apportionment and copies of all substantiating information used in such recomputation. The failure of a party to obtain any previously unavailable information or discover an error or omission with respect to an item subject to apportionment hereunder and to give notice thereof as provided above within one hundred eighty (180) days after the Closing Date shall be deemed a waiver of its right to cause a recomputation or a correction of an error or omission with respect to such item after the Closing Date. Notwithstanding any of the foregoing provisions of this Section 3(f) to the contrary, Purchaser and Seller agree that the one hundred eighty (180) day limitation set forth in this Section 3(f) shall not apply to the parties' obligations under Section 3(c) and that such obligations shall survive the Closing forever.

(g) If, on the Closing, the Premises or any part thereof shall be affected by any assessment or assessments which are or may become payable in installments, of which the first installment is a charge or lien, or has been paid, then (A) Seller shall be obligated to pay all installments of any such assessment which are due and payable prior to the Closing Date, and (B) for the purposes of this Agreement, all the unpaid installments of any such assessment which are to become due and payable on or after the Closing Date shall not be deemed to be liens upon the Premises and the payment thereof shall be assumed by Purchaser without abatement of the Purchase Price.

4. Due Diligence Period and Closing Date

(a) (i) Notwithstanding anything to the contrary contained herein, Purchaser has had until November 29, 1993 (the "Due Diligence Period") to examine title to the Premises, to inspect the physical and financial condition of the Premises and to review the Property Information. Seller has been obligated, upon notice by Purchaser as provided below, to provide reasonable access to the Property during the Due Diligence Period, and to the extent such is available and in Seller's possession, to provide copies of all leases, contracts, ground leases, operating statements, notices from public agencies and other material correspondence relating to the Premises, or its operation or maintenance, the tenant leases, or the ground leases, plans, environmental reports, ADA structural reports and surveys. Purchaser's right (A) to undertake its due diligence activities, including the review of all Property Information, and (B) to enter upon the Premises for the purpose of making inspections and tests, has at all times been subject to Purchaser's compliance with the provisions of Section 18 and Section 24 (including, without limitation, Purchaser's obligations contained therein to obtain and maintain insurance, indemnify Seller and keep confidential all Property Information obtained by Purchaser). Neither Purchaser nor Purchaser's Representatives shall contact any governmental authority, any of Seller's tenants, vendors, employees, consultants or contractors, or any other entity or person concerning the Premises prior to the Closing without obtaining Seller's prior consent in each instance, and the provisions of this sentence shall survive the termination of this Agreement. Seller has consented to Purchaser's contacting the City of San Diego regarding certain desired amendments to the Ground Leases and Purchaser may contact government agencies it deems necessary to carry out its due diligence. Purchaser shall coordinate all such contacts with Seller and its agents and Seller and its agents may participate in any such contacts. No amendment to the Ground Leases shall be effective until the

Closing. Execution of this Agreement by Purchaser shall constitute Purchaser's approval of the Property Information and other matters relating to the Premises and is satisfaction of any of Purchaser's due diligence requirements, except as expressly provided in Section 6 below.

(ii) On or before three business days after execution and delivery of this Agreement, Seller agrees to request an Estoppel Certificate in the form hereinafter required by this Section 4(a)(ii) from each tenant under a Lease, but in no event shall it be deemed to be an obligation of Seller under this Agreement to obtain executed Estoppel Certificates. The Estoppel Certificates shall be in the form annexed hereto as Exhibit "G" and made a part hereof; provided, however, if any tenant is required or permitted under its Lease to provide less information or to otherwise make different statements in a certificate of such nature than are set forth in Exhibit "G" annexed hereto, then prior to requesting an Estoppel Certificate from such tenant, Seller may modify the Estoppel Certificate for such tenant to set forth only the minimum statements, if any (as determined by Seller), required under such tenant's Lease to be made by such tenant in such a certificate.

(iii) Purchaser acknowledges and represents that Purchaser's Board of Directors approved this transaction on November 24, 1993.

(b) The delivery of the Assignment and Assumption of the Ground Leases and the consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Escrow Agent, on or before 8:00 A.M. on December 15, 1993 (the "Closing Date").

5. Permitted Encumbrances

Seller shall convey and Purchaser shall accept all of Seller's right, title and interest in and to the Premises subject to those matters set forth on Schedule "3" annexed hereto and made a part hereof (collectively the "Permitted Encumbrances").

6. Title

(a) (i) Seller has provided to Purchaser a preliminary title report or commitment for an owner's CLTA title insurance policy or policies with respect to the Premises (the "Title Commitment") from Commonwealth Land Title Company (the "Title Company"). If the Title Commitment or any survey

obtained by Purchaser indicates the existence of any liens, encumbrances or other defects or exceptions in or to title to the Premises other than the Permitted Encumbrances (collectively, the "Unacceptable Encumbrances") subject to which Purchaser is unwilling to accept title, Purchaser shall give Seller notice of the same prior to December 12, 1993, and Seller may undertake to eliminate the same subject to Section 6(b). Purchaser hereby waives any right Purchaser may have to advance as objections to title or as grounds for Purchaser's refusal to close this transaction any Unacceptable Encumbrance which Purchaser does not notify Seller of prior to December 12, 1993 unless (i) such Unacceptable Encumbrance was first raised by the Title Company subsequent to December 12, 1993 or Purchaser shall otherwise first discover same or be advised of same subsequent to December 12, 1993, and (ii) Purchaser shall notify Seller of the same within the earlier of (a) the Closing Date, or (b) two (2) days after Purchaser first becomes aware of such Unacceptable Encumbrance (failure to so notify Seller shall be deemed to be a waiver by Purchaser of its right to raise such Unacceptable Encumbrance as an objection to title or as a ground for Purchaser's refusal to close this transaction). Seller, in its sole discretion, may adjourn the Closing one or more times for up to ninety (90) days in the aggregate in order to eliminate Unacceptable Encumbrances. Purchaser has elected to obtain an ALTA title policy at the Closing; however, Purchaser shall pay all costs and expenses exceeding the cost of a CLTA title policy.

(ii) If Seller is unable (subject to Section 6(b)) or unwilling to eliminate all Unacceptable Encumbrances not waived by Purchaser, and to convey title in accordance with the terms of this Agreement on or before the Closing Date (whether or not the Closing is adjourned as provided in Section 6(a)(i)), Purchaser shall elect on the Closing Date, as its sole remedy for such inability of Seller, either (A) to terminate this Agreement by notice given to Seller pursuant to Section 17(a), in which event the provisions of Section 17(a) shall apply, or (B) to accept title subject to such Unacceptable Encumbrances and receive no credit against, or reduction of, the Purchase Price.

(b) Notwithstanding anything to the contrary set forth in this Section 6 or elsewhere in this Agreement, Seller shall not be obligated to eliminate Unacceptable Encumbrances or to bring any action or proceeding, to make any payments or otherwise to incur any expense in order to eliminate Unacceptable Encumbrances not waived by Purchaser or to arrange for title insurance insuring against enforcement of such Unacceptable Encumbrances against, or collection of the same out of, the Premises; except that Seller shall satisfy mortgages, real estate taxes, assessments, judgments against

Seller or other liens (collectively, "Liens") secured by or affecting the Premises which can be satisfied by payment of liquidated amounts not to exceed \$50,000.00 in the aggregate for all Liens. Without limiting the generality of the preceding provisions of this Section 6(b), for the purposes of this Agreement (including, without limitation, Sections 6(a) and 17(a)), Seller's failure or refusal to bring any action or proceeding, to make any payments or to otherwise incur any expense (except for Seller's obligation to satisfy Liens which can be satisfied by payment of liquidated amounts not to exceed \$50,000.00 in the aggregate as aforesaid) in order to eliminate Unacceptable Encumbrances not waived by Purchaser or to arrange for such title insurance shall be deemed an inability of Seller to eliminate such Unacceptable Encumbrances or to arrange for such title insurance and shall not be a default by Seller hereunder (willful or otherwise). Seller shall not, between the date hereof and the Closing, voluntarily permit the imposition of any lien on the Premises which exceeds the \$50,000 limit.

(c) If on the Closing Date there may be any Liens or other encumbrances which Seller must pay or discharge in order to convey to Purchaser such title as is herein provided to be conveyed, Seller may use any portion of the Purchase Price to satisfy the same, provided:

(i) Seller shall deliver to Purchaser or the Title Company, at the Closing, instruments in recordable form and sufficient to satisfy such Liens or other encumbrances of record together with the cost of recording or filing said instruments; or

(ii) Seller, having made arrangements with the Title Company, shall deposit with said company sufficient monies acceptable to said company to insure the obtaining and the recording of such satisfactions.

The existence of any such Liens or other encumbrances shall not be deemed objections to title if Seller shall comply with the foregoing requirements.

(d) Unpaid liens for taxes, water and sewer charges and assessments, which are the obligation of Seller to satisfy and discharge, shall not be objections to title, but the amount thereof, plus interest and penalties thereon, if any, computed to the third (3rd) business day after the Closing Date, shall be deducted from the Purchase Price payable pursuant to Section 2(b) and shall be allowed to Purchaser, or otherwise credited through escrow, subject to the provisions for apportionment of taxes, water and sewer charges and assessments contained herein.

(e) Intentionally deleted.

(f) Any franchise or corporate tax open, levied or imposed against Seller or other owners in the chain of title that may be a Lien on the Closing Date, shall not be an objection to title if the Title Company omits same from the title policy issued pursuant to the Title Commitment or excepts same but insures Purchaser against collection thereof out of the Premises.

(g) If a search of title discloses judgments, bankruptcies or other returns against other persons or entities having names the same as or similar to that of Seller, Seller will deliver to Purchaser and the Title Company an affidavit stating that such judgments, bankruptcies or other returns are not against Seller, whereupon, provided the Title Company omits such returns as exceptions to title or provides affirmative coverage with respect thereto, such returns shall not be deemed an objection to title.

7. Consent of City of San Diego. As soon as practicable following the execution of this Agreement, Seller and Purchaser shall jointly cooperate to contact the City Manager's Office of the City of San Diego to request a consent to the transfer of the lessee's interests under the Ground Leases to Purchaser. Seller shall not be obligated to incur any cost or liability in connection with the obtaining of such consent. Purchaser hereby agrees to deliver to Seller, within three (3) business days of Seller's request therefore, any applications, financial statements, reports, assumption agreements or other agreements or information of any nature requested by the City of San Diego in connection with the granting of its consent to the transfers. Purchaser also agrees to otherwise cooperate with Seller in obtaining such consent to the transfers from the City of San Diego. Purchaser's right to acquire the Premises and Seller's right to sell the Premises to Purchaser pursuant to this Agreement shall automatically terminate if the consent of the City of San Diego to the transfers has not been obtained on or before the Closing Date.

8. Representations and Warranties

(a) (i) Seller represents and warrants to Purchaser as follows:

(A) Seller is a duly formed and validly existing corporation organized under the laws of the State of

California and is qualified under the laws of the State of California to conduct business therein.

(B) Seller has the full legal right, power and authority to execute and deliver this Agreement and all documents now or hereafter to be executed by Seller pursuant to this Agreement (collectively, the "Seller's Documents"), to consummate the transaction contemplated hereby, and to perform its obligations hereunder and under Seller's Documents.

(C) This Agreement and Seller's Documents do not and will not contravene any provision of the certificate of incorporation or the by-laws of Seller, any judgment, order, decree, writ or injunction issued against Seller, or any provision of any laws or governmental ordinances, rules, regulations, orders or requirements (collectively, "Laws") applicable to Seller. The consummation of the transactions contemplated hereby will not result in a breach or constitute a default or event of default by Seller under any agreement to which Seller or any of its assets are subject or bound and will not result in a violation of any Laws applicable to Seller.

(D) Seller has no knowledge of any leases, licenses or other occupancy agreements affecting any portion of the Premises (collectively, the "Leases") on the date hereof, except for the Leases listed in Schedule "4" annexed hereto and made a part hereof.

(E) To Seller's knowledge, there are no pending actions, suits, proceedings or investigations to which Seller is a party before any court or other governmental authority with respect to the Premises except as set forth on Schedule "5" annexed hereto and made a part hereof.

Pursuant to this Agreement, copies of all Leases in Seller's possession and all other Property Information required to be delivered hereunder have been or will be delivered or otherwise made available to Purchaser and, by accepting the Assignment and Assumption of Ground Leases, Purchaser acknowledges its receipt and acceptance or the availability to it thereof and that Purchaser has reviewed the same to its satisfaction. To the extent the copies of the Leases or any other Property Information furnished or made available to or otherwise obtained by Purchaser prior to the expiration of the Due Diligence Period contain provisions or information that are inconsistent with the foregoing representations and warranties, such representations and warranties shall be deemed modified to the extent necessary to eliminate such inconsistency and to conform such representations and warranties to such Leases and other Property Information. As used in this Agreement, the words "Seller's knowledge" or words of similar import shall be

deemed to mean, and shall be limited to, the actual (as distinguished from implied, imputed or constructive) knowledge of Seller after, and based solely upon, making inquiry of Ramona Ferreira, an employee of the John Burnham Company, the person charged with the management responsibility for the Premises, without such person having any obligation to make an independent inquiry or investigation.

(ii) If at or prior to the Closing, (A) Purchaser shall become aware (whether through its own efforts, by notice from Seller or otherwise) that any of the representations or warranties made herein by Seller are untrue, inaccurate or incorrect and shall give Seller notice thereof at or prior to the Closing, or (B) Seller shall notify Purchaser that a representation or warranty made herein by Seller is untrue, inaccurate or incorrect, then Seller may, in its sole discretion, elect by notice to Purchaser to adjourn the Closing one or more times for up to sixty (60) days in the aggregate in order to cure or correct such untrue, inaccurate or incorrect representation or warranty. If any such representation or warranty is either (1) immaterial or (2) material but not materially untrue, inaccurate or incorrect, and is not cured or corrected by Seller on or before the Closing Date (whether or not the Closing is adjourned as provided above), Purchaser shall nevertheless be deemed to, and shall, waive such misrepresentation or breach of warranty and shall consummate the transactions contemplated hereby without any reduction of or credit against the Purchase Price. If any such representation or warranty is both (1) material and (2) materially untrue, inaccurate or incorrect, and is not cured or corrected by Seller on or before the Closing Date (whether or not the Closing is adjourned as provided above), then Purchaser, as its sole remedy for any and all such materially untrue, inaccurate or incorrect material representations or warranties, shall elect either (x) to waive such misrepresentations or breaches of warranties and consummate the transactions contemplated hereby without any reduction of or credit against the Purchase Price, or (y) to terminate this Agreement by notice given to Seller on the Closing Date, in which event, this Agreement shall be terminated and neither party shall have any further rights, obligations or liabilities hereunder, except for the Surviving Obligations, and except that Purchaser shall be entitled to a return of the Downpayment (together with all interest accrued thereon, if any) subject to Section 24(d) and provided Purchaser is not otherwise in default hereunder. Purchaser acknowledges and agrees that (x) at or prior to the Closing, Purchaser's rights and remedies in the event any of Seller's representations or warranties made in this Agreement are untrue, inaccurate or incorrect shall be only as provided in this Section 8(a)(ii), and (y) if the Closing does not occur, Purchaser hereby expressly waives,

relinquishes and releases all other rights or remedies available to it at law, in equity or otherwise (including, without limitation, the right to seek damages from Seller) as a result of any of Seller's representations or warranties made in this Agreement being untrue, inaccurate or incorrect.

(iii) In the event the Closing occurs:

(A) Notwithstanding anything contained in Section 8(a)(ii) or elsewhere in this Agreement to the contrary, Purchaser hereby expressly waives, relinquishes and releases any right or remedy available to it at law, in equity or under this Agreement to make a claim against Seller for damages that Purchaser may incur, or to rescind this Agreement and the transactions contemplated hereby, as the result of any of Seller's representations or warranties being untrue, inaccurate or incorrect if (1) Purchaser knew, should have known or is deemed to have known that such representation or warranty was untrue, inaccurate or incorrect at the time of the Closing and Purchaser nevertheless closes title hereunder, or (2) Purchaser's damages as a result of such representation or warranty being untrue, inaccurate or incorrect are less than \$10,000, or \$50,000 for all such damages as a result of all breaches of such representations or warranties in the aggregate. For example, Purchaser shall be "deemed to have known" that a representation or warranty was untrue, inaccurate or incorrect at the time of the Closing to the extent that the Property Information furnished or made available to or otherwise obtained by Purchaser contains information which is inconsistent with such representation or warranty.

(B) Notwithstanding anything contained herein to the contrary, if the Closing shall have occurred and Purchaser shall not have waived, relinquished and released all rights or remedies available to it at law, in equity or otherwise as provided hereunder, the aggregate liability of Seller arising pursuant to or in connection with the representations, warranties, covenants and other obligations (whether express or implied) of Seller in this Agreement and/or the Seller's Documents (including, without limitation, the Assignment and Assumption of Ground Leases and the A & A Agreements, shall not exceed \$100,000.00. The foregoing limitation shall not apply to any fraudulent acts or intentional misrepresentation by Seller.

The provisions of this Section 8(a)(iii) shall survive the Closing.

(iv) The representations and warranties of Seller set forth in Section 8(a)(i) and elsewhere in this Agreement shall be true, accurate and correct in all material respects

upon the execution of this Agreement and shall be deemed to be repeated on and as of the Closing Date (except as they relate only to an earlier date). The representations and warranties (whether express or implied) of Seller set forth in Section 8(a)(i) and elsewhere in this Agreement, and/or the Seller's Documents (including, without limitation, the Assignment and Assumption of Ground Leases and the A & A Agreements) shall remain operative and shall survive the Closing and the execution and delivery of the Assignment and Assumption of Ground Leases for a period of one hundred eighty (180) days following the Closing Date, and no action or claim based thereon shall be commenced after such period.

(b) (i) Purchaser represents and warrants to Seller as follows:

(A) Purchaser is a duly formed and validly existing non-profit public benefit corporation organized under the laws of the State of California, and is qualified under the laws of the State of California to conduct business therein on the Closing Date.

(B) Purchaser has the full legal right, power, authority and financial ability to execute and deliver this Agreement and all documents now or hereafter to be executed by it pursuant to this Agreement (collectively, the "Purchaser's Documents"), to consummate the transactions contemplated hereby, and to perform its obligations hereunder and under Purchaser's Documents.

(C) This Agreement and Purchaser's Documents do not and will not contravene any provision of the Articles or Bylaws of Purchaser, any judgment, order, decree, writ or injunction issued against Purchaser, or any provision of any Laws applicable to Purchaser. The consummation of the transactions contemplated hereby will not result in a breach or constitute a default or event of default by Purchaser under any agreement to which Purchaser or any of its assets are subject or bound and will not result in a violation of any Laws applicable to Purchaser.

(D) There are no pending actions, suits, proceedings or investigations to which Purchaser is a party before any court or other governmental authority which may have an adverse impact on the transactions contemplated hereby.

(ii) The representations and warranties of Purchaser set forth in Section 8(b)(i) and elsewhere in this Agreement shall be true, accurate and correct in all material respects upon the execution of this Agreement, shall be deemed to be

repeated on and as of the Closing Date (except as they relate only to an earlier date) and shall survive the Closing.

9. Taxes

At the Closing, Seller shall pay any documentary transfer tax and the cost of recording the Assignment and Assumption of Ground Leases in respect of the transactions contemplated by this Agreement.

10. Conditions Precedent to Closing

(a) Purchaser's obligation under this Agreement to purchase the Premises is subject to the fulfillment of each of the following conditions, subject, however, to the provisions of Section 10(c):

(i) The material representations and warranties of Seller contained herein shall be materially true, accurate and correct as of the Closing Date except to the extent they relate only to an earlier date (subject to the provisions of Section 8(a)(ii));

(ii) Seller shall be ready, willing and able to deliver title to the Premises in accordance with the terms and conditions of this Agreement;

(iii) Seller shall have delivered all the documents and other items required pursuant to Section 11, and shall have performed all other covenants, undertakings and obligations, and complied with all conditions required by this Agreement to be performed or complied with by the Seller at or prior to the Closing;

(iv) The City of San Diego shall have consented to the transfer of Seller's interest under the Ground Leases to Purchaser, which consent (the "Consent") shall be in substantially the form of Exhibit J attached hereto;

(v) The parties shall have received an estoppel certificate from the City of San Diego in substantially the form of Exhibit R attached hereto relating to the Ground Leases; and

(vi) The Title Company shall be prepared to issue an ALTA Leasehold Policy of Title Insurance showing that the tenant's interest in the Ground Leases is vested in Purchaser, subject only to Permitted Encumbrances and any other matter affecting title which has been approved by Purchaser or which

Purchaser has been deemed to accept pursuant to Section 6 of this Agreement.

(b) Seller's obligation under this Agreement to sell the Premises to Purchaser is subject to the fulfillment of each of the following conditions, subject, however to the provisions of Section 10(c):

(i) the material representations and warranties of Purchaser contained herein shall be materially true, accurate and correct as of the Closing Date;

(ii) Purchaser shall have delivered the funds required hereunder and all the documents to be executed by Purchaser set forth in Section 12 and shall have performed all other covenants, undertakings and obligations, and complied with all conditions required by this Agreement to be performed or complied with by Purchaser at or prior to the Closing;

(iii) all consents and approvals of governmental authorities and parties to agreements to which Purchaser is a party or by which Purchaser's assets are bound that are required with respect to the consummation of the transactions contemplated by this Agreement shall have been obtained and copies thereof shall have been delivered to Seller at or prior to the Closing;

(iv) on or prior to Closing Date, (A) Purchaser shall not have applied for or consented to the appointment of a receiver, trustee or liquidator for itself or any of its assets unless the same shall have been discharged prior to the Closing Date, and no such receiver, liquidator or trustee shall have otherwise been appointed, unless same shall have been discharged prior to the Closing Date, (B) Purchaser shall not have admitted in writing an inability to pay its debts as they mature, (C) Purchaser shall not have made a general assignment for the benefit of creditors, (D) Purchaser shall not have been adjudicated a bankrupt or insolvent, or had a petition for reorganization granted with respect to Purchaser, (E) Purchaser shall not have filed a voluntary petition seeking reorganization or an arrangement with creditors or taken advantage of any bankruptcy, reorganization, insolvency, readjustment or debt, dissolution or liquidation law or statute, or filed an answer admitting the material allegations of a petition filed against it in any proceedings under any such law, or had any petition filed against it in any proceeding under any of the foregoing laws unless the same shall have been dismissed, cancelled or terminated prior to the Closing Date; and

(v) the consent of the City of San Diego shall have been obtained to the transfer of Seller's interest under the Ground Leases to Purchaser; and

(vi) intentionally deleted.

(c) In the event that any condition contained in Section 10(a) or (b) is not satisfied, the party entitled to the satisfaction of such condition as a condition to its obligation to close title hereunder shall have as its sole remedy hereunder the right to elect to (i) waive such unsatisfied condition whereupon title shall close as provided in this Agreement or (ii) terminate this Agreement. In the event such party elects to terminate this Agreement, this Agreement shall be terminated and neither party shall have any further rights, obligations or liabilities hereunder, except for the Surviving Obligations, and except that Purchaser shall be entitled to a return of the Fund subject to Section 24(d) and provided Purchaser is not otherwise in default hereunder. Nothing contained in this Section 10(c) shall be construed so as to bestow any right of termination upon a party for the failure of a condition to be satisfied unless such party is expressly entitled to the satisfaction of such condition as provided in Section 10(a) or (b).

11. Documents to be Delivered by Seller at Closing.

At the Closing, Seller shall execute, acknowledge and/or deliver, as applicable, the following to Purchaser or the Title Company:

(a) An Assignment and Assumption of Ground Leases ("Assignment and Assumption of Ground Leases") conveying Seller's interest in the Ground Leases in the form of Exhibit "A" annexed hereto and made a part hereof.

(b) The Assignment and Assumption of Leases and Security Deposits in the form of Exhibit "B" annexed hereto and made a part hereof assigning without warranty or representation all of Seller's right, title and interest, if any, in and to the Leases, all guarantees thereof and the security deposits thereunder in Seller's possession, if any (the "Lease Assignment").

(c) The Assignment and Assumption of Contracts and Licenses in the form of Exhibit "C" annexed hereto and made a part hereof (the "Contract and License Assignment") assigning without warranty or representation all of Seller's right, title and interest, if any, in and to (i) all of the assignable licenses, permits, certificates, approvals, authorizations and

variances issued for or with respect to the Premises by any governmental authority (collectively, the "Licenses"), and (ii) all assignable purchase orders, equipment leases, advertising agreements, franchise agreements, license agreements, management agreements, leasing and brokerage agreements and other service contracts (other than Labor Contracts (as hereinafter defined)) relating to the operation of the Premises (collectively, the "Contracts").

(d) The Assignment and Assumption of Intangible Property in the form of Exhibit "D" annexed hereto and made part hereof assigning without warranty or representation all of Seller's right, title and interest, if any, in and to all intangible property owned by Seller with respect to the operation of the Premises listed on Schedule "7" annexed hereto and made a part hereof (the "Intangible Property Assignment") (the Lease Assignment, the Contract and License Assignment and the Intangible Property Assignment are herein referred to collectively as the "A & A Agreements").

(e) To the extent in Seller's possession, executed counterparts of all Leases and New Leases and any amendments, guarantees and other documents relating thereto, together with a schedule of all tenant security deposits thereunder and the accrued interest on such security deposits payable to tenants, irrespective of whether such deposits are in the possession of or received by Seller, and a good, unendorsed certified or official bank check drawn on or by a Clearing House Bank payable to the order of Purchaser, or a credit to Purchaser against the Purchase Price, in the aggregate amount of all security deposits payable to existing tenants. Purchaser hereby agrees that Purchaser shall reimburse such security deposits to any tenants to whom such security deposits are due at the expiration or earlier termination of such tenants' leases. In the event any such cash security deposits and the interest thereon payable to tenants are held by a bank, savings bank, trust company or savings and loan association, at Seller's option, Seller shall deliver to Purchaser, in lieu of such checks or credit, an assignment to Purchaser of such deposits and interest, without warranty or representation, and written instructions to the holder thereof to transfer such deposits and interest to Purchaser. With respect to any lease securities which are other than cash, Seller shall execute and deliver to Purchaser at the Closing any appropriate instruments of assignment or transfer without warranty or representation.

(f) A bill of sale in the form of Exhibit "E" annexed hereto and made a part hereof (the "Bill of Sale") conveying, transferring and selling to Purchaser without warranty or representation all right, title and interest of

Seller in and to all Personal Property. Purchaser shall pay any sales tax due thereon.

(g) Notices to the tenants of the Premises in the form of Exhibit "F" annexed hereto and made a part hereof advising the tenants of the sale of the Premises to Purchaser and directing that rents and other payments thereafter be sent to Purchaser or as Purchaser may direct.

(h) (i) Copies of the resolutions of the board of directors of Seller authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement certified as true and correct by the Secretary or Assistant Secretary of Seller; and (ii) an incumbency certificate executed by the Secretary or Assistant Secretary of Seller with respect to those officers of Seller executing any documents or instruments in connection with the transactions contemplated herein.

(i) Executed originals of all Estoppel Certificates, if any, received by Seller from tenants prior to the Closing Date and not previously delivered to Purchaser.

(j) To the extent in Seller's possession and not already located at the Premises, keys to all entrance doors to, and equipment and utility rooms located in, the Premises.

(k) To the extent in Seller's possession and not already located at the Premises, all Licenses.

(l) To the extent in Seller's possession, executed counterparts of all Contracts and all warranties in connection therewith which are in effect on the Closing Date and which are assigned by Seller.

(m) To the extent in Seller's possession, plans and specifications of the Buildings.

(n) A "FIRPTA" affidavit sworn to by Seller in the form of Exhibit "H" annexed hereto and made a part hereof. Purchaser acknowledges and agrees that upon Seller's delivery of such affidavit, Purchaser shall not withhold any portion of the Purchase Price pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(o) All other documents Seller is required to deliver pursuant to the provisions of this Agreement.

(p) If it has been obtained, an executed original of the estoppel certificate from the City of San Diego referred to in Section 10(b)(v).

12. Documents to be Delivered by Purchaser at Closing.

At the Closing, Purchaser shall execute, acknowledge and/or deliver, as applicable, the following to Seller:

(a) The cash portion of the Purchase Price payable at the Closing pursuant to Section 2(b), subject to apportionments, credits and adjustments as provided in this Agreement.

(b) The Bill of Sale.

(c) Intentionally deleted.

(d) If Purchaser is a corporation, (i) copies of the certificate of incorporation and by-laws of Purchaser and of the resolutions of the board of directors of Purchaser authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement certified as true and correct by the Secretary or Assistant Secretary of Purchaser; (ii) a good standing certificate issued by the state of incorporation of Purchaser, dated within thirty (30) days of the Closing Date; and (iii) an incumbency certificate executed by the Secretary or Assistant Secretary of Purchaser with respect to those officers of Purchaser executing any documents or instruments in connection with the transactions contemplated herein.

(e) Intentionally deleted.

(f) The A & A Agreements.

(g) All other documents Purchaser is required to deliver pursuant to the provisions of this Agreement.

13. Operation of the Premises prior to the Closing Date

Between the date hereof and the Closing Date, Seller shall have the right to continue to operate and maintain the Premises. In connection therewith:

(a) (i) Except as hereinafter provided in this Section 13(a), Seller may modify, extend, renew, cancel or

permit the expiration of any Lease or enter into any proposed Lease of all or any portion of the Premises without Purchaser's consent. After the expiration of the Due Diligence Period, Seller shall not modify, extend, renew or cancel (subject to Section 13(b)) any Lease or enter into any proposed Lease of all or any portion of the Premises without Purchaser's prior consent in each instance, which consent shall not be unreasonably withheld and shall be given or denied, with the reasons for any such denial, within the applicable period specified in Section 13(a)(iv).

(ii) If, after expiration of the Due Diligence Period, as permitted above, Seller enters into any Leases, or if there is any extension or renewal of any Leases, whether or not such Leases provide for their extension or renewal, or any expansion or modification of any Leases (each, a "New Lease"), Seller shall keep accurate records of all expenses (collectively, "New Lease Expenses") incurred in connection with each New Lease, including, without limitation, the following: (A) brokerage commissions and fees relating to such leasing transaction, (B) expenses incurred for repairs, improvements, equipment, painting, decorating, partitioning and other items to satisfy the tenant's requirements with regard to such leasing transaction, (C) the cost of removal and/or abatement of asbestos or other hazardous or toxic substances located in the demised space, (D) reimbursements to the tenant for the cost of any of the items described in the preceding clauses (B) and (C), (E) legal fees for services in connection with the preparation of documents and other services rendered in connection with the effectuation of the leasing transaction, (F) rent concessions relating to the demised space provided the tenant has the right to take possession of such demised space during the period of such rent concessions, and (G) expenses incurred for the purpose of satisfying or terminating the obligations of a tenant under a New Lease to the landlord under another lease (whether or not such other lease covers space in the Premises).

(iii) At the Closing, Purchaser shall reimburse Seller for all New Lease Expenses theretofore paid by Seller, if any. The provisions of this Section 13(a)(iii) shall survive the Closing.

(iv) With respect to any proposed action by Seller to be submitted to Purchaser for its consent pursuant to Section 13(a)(i) or Section 13(f), Purchaser shall consent or deny its consent, with the reasons for any such denial, within three (3) business days after receipt by Purchaser of Seller's notice requesting Purchaser's consent to the proposed action relating to such existing or proposed Lease.

If Purchaser fails to reply to Seller's request for consent pursuant to the provisions of Subsections 13(a)(1) or Section 13(f) in a notice given within the above-described applicable time period or if Purchaser expressly denies its consent but fails to provide Seller with the reasons for such denial, Purchaser's consent shall be deemed to have been granted.

(b) Notwithstanding anything to the contrary contained in this Agreement, Seller reserves the right, but is not obligated, to institute summary proceedings against any tenant or terminate any Lease as a result of a default by the tenant thereunder prior to the Closing Date. Seller makes no representations and assumes no responsibility with respect to the continued occupancy of the Premises or any part thereof by any tenant. The removal of a tenant whether by summary proceedings or otherwise prior to the Closing Date shall not give rise to any claim on the part of Purchaser. Further, Purchaser agrees that it shall not be grounds for Purchaser's refusal to close this transaction that any tenant is a holdover tenant or in default under its Lease on the Closing Date and Purchaser shall accept title subject to such holding over or default without credit against, or reduction of, the Purchase Price.

(c) Seller shall not modify, extend, renew or cancel (except as a result of a default by the other party thereunder) any Contracts or enter into any new Contract without Purchaser's prior consent in each instance, which consent shall not be unreasonably withheld or delayed, and if withheld, Purchaser shall promptly give Seller a notice stating the reasons therefore; provided, however, that Purchaser's consent shall not be required to the aforestated actions if such Contract may be terminated at any time on not more than sixty (60) days' prior notice by Seller, or its successor, without the payment of a penalty.

(d) Seller will keep in force and effect with respect to the Premises the insurance policies currently carried by Seller and listed on Schedule "8" annexed hereto and made a part hereof or policies providing similar coverage.

(e) With respect to the tax year in which the Closing occurs, and all prior tax years, Seller is hereby authorized to commence, continue and control the progress of, and to make all decisions with respect to, any proceeding or proceedings, whether or not now pending, for the reduction of the assessed valuation of the Premises, and, in its sole discretion, to try or settle the same. All net tax refunds and credits attributable to any tax year prior to the tax year in which the Closing occurs shall belong to and be the property of

Seller. All net tax refunds and credits attributable to any tax year subsequent to the tax year in which the Closing occurs shall belong to and be the property of Purchaser. All net tax refunds and credits attributable to the tax year in which the Closing occurs shall be divided between Seller and Purchaser in accordance with the apportionment of taxes pursuant to the provisions of this Agreement, after deducting therefrom a pro rata share of all expenses, including, without limitation, counsel fees and disbursements and consultant's fees, incurred in obtaining such refund, the allocation of such expenses to be based upon the total refund obtained in such proceeding and in any other proceeding simultaneously involved in the trial or settlement. Purchaser agrees to cooperate with Seller in connection with the prosecution of any such proceedings and to take all steps, whether before or after the Closing Date, as may be necessary to carry out the intention of the foregoing, including, without limitation, the delivery to Seller, upon demand, of any relevant books and records, including receipted tax bills and cancelled checks used in payment of such taxes, the execution of any and all consents or other documents, and the undertaking of any act necessary for the collection of such refund by Seller. The provisions of this Section 13(e) shall survive the Closing.

(f) Seller may maintain, repair and make changes to the Premises at any time prior to the Closing Date in its discretion; provided, however, that any capital improvements costing in excess of \$50,000.00 shall require the consent of Purchaser.

14. As Is

(a) Purchaser acknowledges that Seller acquired its interest in the Premises through foreclosure, deed-in-lieu of foreclosure or other arrangement involving the prior owner of the Premises and an affiliate of Seller which held a mortgage, deed of trust or other security interest encumbering the Premises to secure an indebtedness owed by such prior owner to such affiliate. Purchaser further acknowledges that, due to the circumstances surrounding Seller's acquisition of the Premises, such acquisition was subject to such facts, circumstances, defects and problems which existed with respect to the Premises at the time of such acquisition and for which Seller is not responsible. Accordingly, Purchaser agrees to accept title to the Premises on an "as-is-where-is and with all faults" basis.

(b) This Agreement, as written, contains all the terms of the agreement entered into between the parties as of the date hereof, and Purchaser acknowledges that neither Seller nor any of Seller's Affiliates, nor any of their agents or

representatives, nor Broker has made any representations or held out any inducements to Purchaser, and Seller hereby specifically disclaims any representation, oral or written, past, present or future, other than those specifically set forth in Section 8(a) and Section 15. Without limiting the generality of the foregoing, Purchaser has not relied on any representations or warranties, and neither Seller nor any of Seller's Affiliates, nor any of their agents or representatives has or is willing to make any representations or warranties, express or implied, other than as may be expressly set forth herein, as to (i) the status of title to the Premises, (ii) the Leases, (iii) the Contracts, (iv) [intentionally deleted] (v) the Licenses, (vi) the current or future real estate tax liability, assessment or valuation of the Premises; (vii) the potential qualification of the Premises for any and all benefits conferred by any Laws whether for subsidies, special real estate tax treatment, insurance, mortgages or any other benefits, whether similar or dissimilar to those enumerated; (viii) the compliance of the Premises in its current or any future state with applicable Laws or any violations thereof, including, without limitation, those relating to access for the handicapped, environmental or zoning matters, and the ability to obtain a change in the zoning or a variance in respect to the Premises' non-compliance, if any, with zoning Laws; (ix) the nature and extent of any right-of-way, lease, possession, lien, encumbrance, license, reservation, condition or otherwise; (x) the availability of any financing for the purchase, alteration, rehabilitation or operation of the Premises from any source, including, without limitation, any government authority or any lender; (xi) the current or future use of the Premises, including, without limitation, the Premises' use for commercial, manufacturing or general office purposes; (xii) the present and future condition and operating state of any Personal Property and the present or future structural and physical condition of the Buildings, their suitability for rehabilitation or renovation, or the need for expenditures for capital improvements, repairs or replacements thereto; (xiii) the viability or financial condition of any tenant; (xiv) the status of the leasing market in which the Premises is located; or (xv) the actual or projected income or operating expenses of the Premises.

(c) Purchaser acknowledges that Seller has afforded Purchaser the opportunity for full and complete investigations, examinations and inspections of the Premises and all Property Information. Purchaser acknowledges and agrees that (i) the Property Information delivered or made available to Purchaser and Purchaser's Representatives by Seller or Seller's Affiliates, or any of their agents or representatives may have been prepared by third parties and may not be the work product of Seller and/or any of Seller's Affiliates; (ii) neither

Seller nor any of Seller's Affiliates has made any independent investigation or verification of, or has any knowledge of, the accuracy or completeness of, the Property Information; (iii) the Property Information delivered or made available to Purchaser and Purchaser's Representatives is furnished to each of them at the request, and for the convenience of, Purchaser; (iv) Purchaser is relying solely on its own investigations, examinations and inspections of the Premises and those of Purchaser's Representatives and is not relying in any way on the Property Information furnished by Seller or any of Seller's Affiliates, or any of their agents or representatives; (v) Seller expressly disclaims any representations or warranties with respect to the accuracy or completeness of the Property Information and Purchaser releases Seller and Seller's Affiliates, and their agents and representatives, from any and all liability with respect thereto; and (vi) any further distribution of the Property Information is subject to Section 24.

(d) Purchaser or anyone claiming by, through or under Purchaser, hereby fully and irrevocably releases Seller and Seller's Affiliates, and their agents and representatives, from any and all claims that it may now have or hereafter acquire against Seller or Seller's Affiliates, or their agents or representatives for any cost, loss, liability, damage, expense, action or cause of action, whether foreseen or unforeseen, arising from or related to any construction defects, errors or omissions on or in the Premises, the presence of environmentally hazardous, toxic or dangerous substances, or any other conditions (whether patent, latent or otherwise) affecting the Premises, except for claims against Seller based upon any obligations and liabilities of Seller expressly provided in this Agreement and except for any intentional, materially fraudulent acts by Seller. Purchaser further acknowledges and agrees that this release shall be given full force and effect according to each of its expressed terms and provisions, including, but not limited to, those relating to unknown and suspected claims, damages and causes of action. As a material covenant and condition of this Agreement, Purchaser agrees that in the event of any such construction defects, errors or omissions, the presence of environmentally hazardous, toxic or dangerous substances, or any other conditions affecting the Premises, Purchaser shall look solely to Seller's predecessors in interest or to such contractors and consultants as may have contracted for work in connection with the Premises for any redress or relief, except for claims against Seller based upon any obligations and liabilities of Seller expressly provided in this Agreement and except for any intentional, materially fraudulent acts by Seller. Purchaser further understands that some of Seller's predecessors in interest or such contractors and consultants

may have filed petitions under the bankruptcy code and Purchaser may have no remedy against such predecessors, contractors or consultants.

(e) Purchaser's failure, for any reason whatsoever, to elect to terminate this Agreement pursuant to Section 4(a)(ii) shall be deemed an acknowledgment by Purchaser that Purchaser has inspected the Premises, is thoroughly acquainted with and accepts its condition, and has reviewed, to the extent necessary in its discretion, all the Property Information. Seller shall not be liable or bound in any manner by any oral or written "setups" or information pertaining to the Premises or the rents furnished by Seller, Seller's Affiliates, their agents or representatives, any real estate broker, including, without limitation, the Broker, or other person.

(f) The provisions of this Section 14 shall survive the termination of this Agreement and the Closing.

15. Broker

Purchaser and Seller represent and warrant to each other that John Burnham & Company (the "Broker") and Goldman Ferguson Partners Corporate Realty Advisors ("Goldman") are the sole brokers with whom it has dealt in connection with the Property and the transactions described herein. Seller shall be liable for, and shall indemnify Purchaser against, all brokerage commissions or other compensation due to the Broker arising out of the transaction contemplated in this Agreement, which compensation shall be paid subject and pursuant to a separate agreement between Seller and the Broker. Purchaser acknowledges and agrees that Broker, and not Seller, is responsible for paying any commission due to Goldman. Each party hereto agrees to indemnify, defend and hold the other harmless from and against any and all claims, causes of action, losses, costs, expenses, damages or liabilities, including reasonable attorneys' fees and disbursements, which the other may sustain, incur or be exposed to, by reason of any claim or claims by any broker, finder or other person, except (in the case of Purchaser as indemnitor hereunder) the Broker, for fees, commissions or other compensation arising out of the transactions contemplated in this Agreement if such claim or claims are based in whole or in part on dealings or agreements with the indemnifying party. Notwithstanding any provisions of this Agreement to the contrary, in no event shall Seller be liable for, and the foregoing indemnity of Seller shall in no event apply to, claims by any broker, finder or other person for such fees, commissions or other compensation if such claims are based upon dealings or agreements with prior owners of the Premises. The obligations and representations and warranties

contained in this Section 15 shall survive the termination of this Agreement and the Closing.

16. Casualty; Condemnation.

(a) Damage or Destruction: If a "material" part (as hereinafter defined) of the Premises is damaged or destroyed by fire or other casualty, Seller shall notify Purchaser of such fact and, except as hereinafter provided, Purchaser shall have the option to terminate this Agreement after receipt of Seller's notice. If this Agreement is so terminated, the provisions of Section 16(d) shall apply. If (i) Purchaser does not elect to terminate this Agreement, or (ii) there is damage to or destruction of an "immaterial" part ("immaterial" is herein deemed to be any damage or destruction which is not "material", as such term is hereinafter defined) of the Premises, Purchaser shall close title as provided in this Agreement and, at the Closing, Seller shall, unless Seller has repaired such damage or destruction prior to the Closing, (x) pay over to Purchaser the proceeds of any insurance collected by Seller less the amount of all costs incurred by Seller in connection with the repair of such damage or destruction, and (y) assign and transfer to Purchaser all right, title and interest of Seller in and to any uncollected insurance proceeds which Seller may be entitled to receive from such damage or destruction. A "material" part of the Premises shall be deemed to have been damaged or destroyed if the cost of repair or replacement shall be \$200,000 or more as reasonably as estimated by Seller.

(b) Condemnation: If, prior to the Closing Date, all or any "significant" portion (as hereinafter defined) of the Premises is taken by eminent domain or condemnation (or is the subject of a pending taking which has not been consummated), Seller shall notify Purchaser of such fact and the Purchaser shall have the option to terminate this Agreement upon notice to the Seller given not later than ten (10) days after receipt of the Seller's notice. If this Agreement is so terminated, the provisions of Section 16(d) shall apply. If Purchaser does not elect to terminate this Agreement, or if an "insignificant" portion ("insignificant" is herein deemed to be any taking which is not "significant", as such term is herein defined) of the Premises is taken by eminent domain or condemnation, at the Closing Seller shall assign and turnover, and Purchaser shall be entitled to receive and keep, all awards or other proceeds for such taking by eminent domain or condemnation. A "significant" portion of the Premises means (i) any portion of the Buildings, (ii) a portion of the parking areas, or (iii) a legally required driveway on the Land.

(c) Notwithstanding anything contained in Section 16(a) and Section 16(b) to the contrary, if this Agreement is not terminated as provided in Section 16(a) or Section 16(b) and the insurance, eminent domain or condemnation proceeds payable with respect to the Premises as a result of any casualty or taking exceeds the Purchase Price, Seller's obligation to pay over to Purchaser those proceeds paid to Seller prior to the Closing shall be limited to the amount of the Purchase Price, and Seller shall be entitled to retain the remainder of such proceeds. To the extent that payment of all or any portion of such proceeds does not occur prior to the Closing, the parties agree that Seller shall be entitled to that portion of the proceeds in excess of the Purchase Price, less any reasonable costs incurred by Purchaser in collecting same, which agreement shall survive the Closing.

(d) If Purchaser elects to terminate this Agreement pursuant to Section 16(a) or 16(b), this Agreement shall be terminated and neither party shall have any further rights, obligations or liabilities hereunder, except for the Surviving Obligations, and except that Purchaser shall be entitled to a return of the Fund subject to Section 24(d) and provided Purchaser is not otherwise in default hereunder.

17. Remedies

(a) If the Closing fails to occur by reason of Seller's inability (subject to Section 6(b)) to perform its obligations under this Agreement, then Purchaser, as its sole remedy for such inability of Seller, may terminate this Agreement by notice to Seller. If Purchaser elects to terminate this Agreement, then this Agreement shall be terminated and neither party shall have any further rights, obligations or liabilities hereunder, except for the Surviving Obligations, and except that Purchaser shall be entitled to a return of the Fund subject to Section 24(d) and provided Purchaser is not otherwise in default hereunder. Except as set forth in this Section 17(a), Purchaser hereby expressly waives, relinquishes and releases any other right or remedy available to it at law, in equity or otherwise by reason of Seller's inability to perform its obligations hereunder.

(b) IN THE EVENT OF A DEFAULT HEREUNDER BY PURCHASER OR IF THE CLOSING FAILS TO OCCUR BY REASON OF PURCHASER'S FAILURE OR REFUSAL TO PERFORM ITS OBLIGATIONS HEREUNDER, THEN SELLER MAY TERMINATE THIS AGREEMENT BY NOTICE TO PURCHASER. IF SELLER ELECTS TO TERMINATE THIS AGREEMENT, THEN THIS AGREEMENT SHALL BE TERMINATED AND SELLER MAY RETAIN THE FUND AS LIQUIDATED DAMAGES FOR ALL LOSS, DAMAGE AND EXPENSES SUFFERED BY SELLER, IT BEING AGREED THAT SELLER'S DAMAGES ARE IMPOSSIBLE

TO ASCERTAIN, AND NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS, OBLIGATIONS OR LIABILITIES HEREUNDER, EXCEPT FOR THE SURVIVING OBLIGATIONS. NOTHING CONTAINED HEREIN SHALL LIMIT OR RESTRICT SELLER'S ABILITY TO PURSUE ANY RIGHTS OR REMEDIES IT MAY HAVE AGAINST PURCHASER WITH RESPECT TO THE SURVIVING OBLIGATIONS. EXCEPT AS SET FORTH IN THIS SECTION 17(b) AND SECTION 24(f), SELLER HEREBY EXPRESSLY WAIVES, RELINQUISHES AND RELEASES ANY OTHER RIGHT OR REMEDY AVAILABLE TO IT AT LAW, IN EQUITY OR OTHERWISE BY REASON OF PURCHASER'S DEFAULT HEREUNDER OR PURCHASER'S FAILURE OR REFUSAL TO PERFORM ITS OBLIGATIONS HEREUNDER.

Buyer: _____

Seller: GH

(c) If the Closing fails to occur by reason of Seller's failure or refusal to perform its obligations hereunder, then Purchaser, as its sole remedy hereunder, may (i) terminate this Agreement by notice to Seller or (ii) seek specific performance from Seller. As a condition precedent to Purchaser exercising any right it may have to bring an action for specific performance as the result of Seller's failure or refusal to perform its obligations hereunder, Purchaser must commence such an action within ninety (90) days after the occurrence of such default. Purchaser agrees that its failure to timely commence such an action for specific performance within such ninety (90) day period shall be deemed a waiver by it of its right to commence such an action.

18. Purchaser's Access to the Premises

During the Due Diligence Period, Purchaser and Purchaser's Representatives have had the right to enter upon the Premises for the sole purpose of inspecting the Premises and making surveys, soil borings, engineering tests and other investigations, inspections and tests (collectively, "Investigations"), provided neither Purchaser nor Purchaser's Representatives shall permit any borings, drillings or samplings to be done on the Premises without Seller's prior written consent which consent shall not be unreasonably withheld. Any entry upon the Premises and all Investigations shall be during Seller's normal business hours (unless Purchaser reimburses Seller for any additional costs incurred by Seller as a result of non-business hour investigations) and at the sole risk and expense of Purchaser and Purchaser's Representatives, and shall not interfere with the activities on or about the Premises of Seller, its tenants and their employees and invitees. Purchaser shall:

TO ASCERTAIN, AND NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS, OBLIGATIONS OR LIABILITIES HEREUNDER, EXCEPT FOR THE SURVIVING OBLIGATIONS. NOTHING CONTAINED HEREIN SHALL LIMIT OR RESTRICT SELLER'S ABILITY TO PURSUE ANY RIGHTS OR REMEDIES IT MAY HAVE AGAINST PURCHASER WITH RESPECT TO THE SURVIVING OBLIGATIONS. EXCEPT AS SET FORTH IN THIS SECTION 17(b) AND SECTION 24(f), SELLER HEREBY EXPRESSLY WAIVES, RELINQUISHES AND RELEASES ANY OTHER RIGHT OR REMEDY AVAILABLE TO IT AT LAW, IN EQUITY OR OTHERWISE BY REASON OF PURCHASER'S DEFAULT HEREUNDER OR PURCHASER'S FAILURE OR REFUSAL TO PERFORM ITS OBLIGATIONS HEREUNDER.

Buyer:



Seller: _____

(c) If the Closing fails to occur by reason of Seller's failure or refusal to perform its obligations hereunder, then Purchaser, as its sole remedy hereunder, may (i) terminate this Agreement by notice to Seller or (ii) seek specific performance from Seller. As a condition precedent to Purchaser exercising any right it may have to bring an action for specific performance as the result of Seller's failure or refusal to perform its obligations hereunder, Purchaser must commence such an action within ninety (90) days after the occurrence of such default. Purchaser agrees that its failure to timely commence such an action for specific performance within such ninety (90) day period shall be deemed a waiver by it of its right to commence such an action.

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(a) promptly repair any damage to the Premises resulting from any such Investigations and replace, refill and regrade any holes made in, or excavations of, any portion of the Premises used for such Investigations so that the Premises shall be in the same condition that it existed in prior to such Investigations;

(b) fully comply with all Laws applicable to the Investigations and all other activities undertaken in connection therewith;

(c) permit Seller to have a representative present during all Investigations undertaken hereunder;

(d) take all actions and implement all protections necessary to ensure that all actions taken in connection with the Investigations, and the equipment, materials, and substances generated, used or brought onto the Premises pose no threat to the safety or health of persons or the environment, and cause no damage to the Premises or other property of Seller or other persons;

(e) furnish to Seller, at no cost or expense to Seller, copies of all surveys, soil test results, engineering, asbestos, environmental and other studies and reports relating to the Investigations which Purchaser shall obtain with respect to the Premises promptly after Purchaser's receipt of same;

(f) maintain or cause to be maintained, at Purchaser's expense, a policy of comprehensive general public liability insurance, with a broad form contractual liability endorsement covering Purchaser's indemnification obligations contained in Section 18(h) and Section 24(c), and with a combined single limit of not less than \$1,000,000 per occurrence for bodily injury and property damage, automobile liability coverage including owned and hired vehicles with a combined single limit of \$1,000,000 per occurrence for bodily injury and property damage, and an excess umbrella liability policy for bodily injury and property damage in the amount of \$5,000,000, insuring Purchaser and Seller and Seller's Affiliates, as additional insureds, against any injuries or damages to persons or property that may result from or are related to (i) Purchaser's and/or Purchaser's Representatives' entry upon the Premises, (ii) any Investigations or other activities conducted thereon, and (iii) any and all other activities undertaken by Purchaser and/or Purchaser's Representatives, all of which insurance shall be on an "occurrence form" and otherwise in such forms and with an insurance company acceptable to Seller, and deliver a copy of such insurance policy to Seller prior to the first entry on the Premises;

(g) not allow the Investigations or any and all other activities undertaken by Purchaser or Purchaser's Representatives to result in any liens, judgments or other encumbrances being filed or recorded against the Premises, and Purchaser shall, at its sole cost and expense, promptly discharge of record any such liens or encumbrances that are so filed or recorded (including, without limitation, liens for services, labor or materials furnished); and

(h) indemnify Seller and Seller's Affiliates and hold Seller and Seller's Affiliates harmless from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, attorneys' fees and disbursements) resulting from physical damage to the Premises or personal property located thereon or personal injury losses or damages, suffered or incurred by Seller or any of Seller's Affiliates and arising out of or in connection with (i) Purchaser's and/or Purchaser's Representatives' entry upon the Premises, (ii) any Investigations or other activities conducted thereon by Purchaser or Purchaser's Representatives, (iii) any liens or encumbrances filed or recorded against the Premises as a consequence of the Investigations or any and all other activities undertaken by Purchaser or Purchaser's Representatives, and/or (iv) any and all other activities undertaken by Purchaser or Purchaser's Representatives with respect to the Premises.

The provisions of this Section 18 shall survive the termination of this Agreement and the Closing.

19. Purchaser's Indemnity

Purchaser hereby agrees to indemnify Seller and Seller's Affiliates against, and to hold Seller and Seller's Affiliates harmless from all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, attorneys' fees and disbursements) asserted against or incurred by Seller or any of Seller's Affiliates in connection with or arising out of (a) acts or omissions of Purchaser or Purchaser's Representatives, or other matters or occurrences that take place after the Closing and relate to the ownership, maintenance or operation of the Premises, or (b) a breach of any representation, warranty or covenant of Purchaser contained in this Agreement, but not for Seller's own willful misconduct or gross negligence. Purchaser's obligations under this Section 19 shall survive the Closing.

20. Escrow

Escrow Agent shall hold the Downpayment and all interest accrued thereon, if any (collectively, the "Fund") in escrow and shall dispose of the Fund only in accordance with the following provisions:

(a) Escrow Agent shall deliver the Fund to Seller or Purchaser, as the case may be, as follows:

(i) to Seller, upon completion of the Closing;
or

(ii) to Seller, after receipt of Seller's demand in which Seller certifies either that (A) Purchaser has defaulted under this Agreement, or (B) this Agreement has been otherwise terminated or cancelled, and Seller is thereby entitled to receive the Fund; but Escrow Agent shall not honor Seller's demand until more than ten (10) days after Escrow Agent has given a copy of Seller's demand to Purchaser in accordance with Section 20(b)(i), nor thereafter if Escrow Agent receives a Notice of Objection from Purchaser within such ten (10) day period; or

(iii) to Purchaser, after receipt of Purchaser's demand in which Purchaser certifies either that (A) Seller has defaulted under this Agreement, or (B) this Agreement has been otherwise terminated or cancelled, and Purchaser is thereby entitled to receive the Fund; but Escrow Agent shall not honor Purchaser's demand until more than ten (10) days after Escrow Agent has given a copy of Purchaser's demand to Seller in accordance with Section 20(b)(i), nor thereafter if Escrow Agent receives a Notice of Objection from Seller within such ten (10) day period.

Upon delivery of the Fund, Escrow Agent shall be relieved of all liability hereunder and with respect to the Fund. Escrow Agent shall deliver the Fund, at the election of the party entitled to receive the same, by (i) a good, unendorsed certified check of Escrow Agent payable to the order of such party, (ii) an unendorsed official bank or cashier's check payable to the order of such party, or (iii) a bank wire transfer of immediately available funds to an account designated by such party.

(b) (i) Upon receipt of a written demand from Seller or Purchaser under Section 20(a)(ii) or (iii), Escrow Agent shall send a copy of such demand to the other party. Within ten (10) days after the date of receiving same, but not thereafter, the other party may object to delivery of the Fund to the party making such demand by giving a notice of objection

(a "Notice of Objection") to Escrow Agent. After receiving a Notice of Objection, Escrow Agent shall send a copy of such Notice of Objection to the party who made the demand; and thereafter, in its sole and absolute discretion, Escrow Agent may elect either (A) to continue to hold the Fund until Escrow Agent receives a written agreement of Purchaser and Seller directing the disbursement of the Fund, in which event Escrow Agent shall disburse the Fund in accordance with such agreement; and/or (B) to take any and all actions as Escrow Agent deems necessary or desirable, in its sole and absolute discretion, to discharge and terminate its duties under this Agreement, including, without limitation, depositing the Fund into any court of competent jurisdiction and bringing any action of interpleader or any other proceeding; and/or (C) in the event of any litigation between Seller and Purchaser, to deposit the Fund with the clerk of the court in which such litigation is pending.

(ii) If Escrow Agent is uncertain for any reason whatsoever as to its duties or rights hereunder (and whether or not Escrow Agent has received any written demand under Section 20(a)(ii) or (iii), or Notice of Objection under Section 20(b)(i)), notwithstanding anything to the contrary herein, Escrow Agent may hold and apply the Fund pursuant to Section 20(b)(i)(A), (B) or (C) and may decline to take any other action whatsoever. In the event the Fund is deposited in a court by Escrow Agent pursuant to Section 20(b)(i)(B) or (C), Escrow Agent shall be entitled to rely upon the decision of such court. In the event of any dispute whatsoever among the parties with respect to disposition of the Fund, Purchaser and Seller shall pay the attorney's fees and costs incurred by Escrow Agent (which said parties shall share equally, but for which said parties shall be jointly and severally liable) for any litigation in which Escrow Agent is named as, or becomes, a party.

(c) Notwithstanding anything to the contrary in this Agreement, within one (1) business day after the date of this Agreement, Escrow Agent shall place the Downpayment in an Approved Investment. The interest, if any, which accrues on such Approved Investment shall be deemed part of the Fund; and Escrow Agent shall dispose of such interest as and with the Fund pursuant to this Agreement. Escrow Agent may not commingle the Fund with any other funds held by Escrow Agent. Escrow Agent may convert the Fund from the Approved Investment into cash or a non-interest-bearing demand account at an Approved Institution as follows:

(i) at any time within seven (7) days prior to the Closing Date; or

(ii) if the Closing Date is accelerated or extended, at any time within seven (7) days prior to the accelerated or extended Closing Date (provided, however, that Seller and Purchaser shall give Escrow Agent timely notice of any such acceleration or extension and that Escrow Agent may hold the Fund in cash or a non-interest-bearing deposit account if Seller and Purchaser do not give Escrow Agent timely notice of any such adjournment).

(d) As used herein, the term "Approved Investment" means (i) any interest-bearing demand account or money market fund in Citibank, N.A. located in the City of San Diego or City of Los Angeles or in any other institution otherwise approved by both Seller and Purchaser (collectively, an "Approved Institution"), or (ii) any other investment approved by both Seller and Purchaser. The rate of interest or yield need not be the maximum available and deposits, withdrawals, purchases, reinvestment of any matured investment and sales shall be made in the sole discretion of Escrow Agent, which shall have no liability whatsoever therefor. Discounts earned shall be deemed interest for the purpose hereof.

(e) Escrow Agent shall have no duties or responsibilities except those set forth herein.

(f) Any Notice of Objection, demand or other notice or communication which may or must be sent, given or made under this Agreement to or by Escrow Agent shall be sent in accordance with the provisions of Section 23.

(g) Simultaneously with their execution and delivery of this Agreement, Purchaser and Seller shall furnish Escrow Agent with their true Federal Taxpayer Identification Numbers so that Escrow Agent may file appropriate income tax information returns with respect to any interest in the Fund or other income from the Approved Investment. The party ultimately entitled to any accrued interest in the Fund shall be the party responsible for the payment of any tax due thereon.

(h) Any amendment of this Agreement which could alter or otherwise affect Escrow Agent's obligations hereunder will not be effective against or binding upon Escrow Agent without Escrow Agent's prior consent, which consent may be withheld in Escrow Agent's sole and absolute discretion.

(i) The provisions of this Section 20 shall survive the termination of this Agreement and the Closing.

21. Assignment

This Agreement may not be assigned by Purchaser and any assignment or attempted assignment by Purchaser shall constitute a default by Purchaser hereunder and shall be null and void.

22. Access to Records

For a period of five (5) years subsequent to the Closing Date, Seller, Seller's Affiliates and their employees, agents and representatives shall be entitled to access during business hours to all documents, books and records given to Purchaser by Seller at the Closing for tax and audit purposes, regulatory compliance, and cooperation with governmental investigations upon reasonable prior notice to Purchaser, and shall have the right, at its sole cost and expense, to make copies of such documents, books and records.

23. Notices

(a) All notices, elections, consents, approvals, demands, objections, requests or other communications which Seller, Purchaser or Escrow Agent may be required or desire to give pursuant to, under or by virtue of this Agreement must be in writing and sent by (i) first class U.S. certified or registered mail, return receipt requested, with postage prepaid, or (ii) express mail or courier (for next business day delivery), addressed as follows:

If to Seller:

Kearny Mesa Realty, Inc.
c/o Citicorp Real Estate, Inc.
725 S. Figueroa Street, Floor 4/1
Los Angeles, CA 90017
Attention: George Apostol; Gigi Birchfield

with copies to:

Citicorp Real Estate, Inc.
599 Lexington Avenue
New York, New York 10043
Attention: General Counsel

and:

Gray, Cary, Ames & Frye
401 B Street, Suite 1700
San Diego, CA 92101
Attention: W. Terrance Guiney

If to Purchaser:

San Diego Hospital Association
3131 Berger Street
San Diego, CA 92123
Attention: Marc Sandstrom

with a copy to:

Luce, Forward, Hamilton & Scripps
600 West Broadway, Suite 2600
San Diego, CA 92101
Attention: Charles L. Hellerich

and (as a matter of courtesy only, and any failure to deliver shall not affect the validity of the notice or the communication) to:

Goldman Ferguson Partners
701 B Street, Suite 1300
San Diego, CA 92101
Attn: Dave Ferguson

If to Escrow Agent:

Commonwealth Title Company
3333 Camino del Rio South
San Diego, CA 92108
Attention: Danielle Cook, Escrow No. 127369

(b) Seller, Purchaser or Escrow Agent may designate another addressee or change its address for notices and other communications hereunder by a notice given to the other parties in the manner provided in this Section 23. A notice or other communication sent in compliance with the provisions of this Section 23 shall be deemed given and received on (i) the third (3rd) day following the date it is deposited in the U.S. mail, or (ii) the date it is delivered to the other party if sent by express mail or courier.

24. Property Information and Confidentiality

(a) Purchaser agrees that, prior to the Closing, all Property Information shall be kept strictly confidential and shall not, without the prior consent of Seller, be disclosed by Purchaser or Purchaser's Representatives, in any manner whatsoever, in whole or in part, and will not be used by Purchaser or Purchaser's Representatives, directly or indirectly, for any purpose other than evaluating the Premises. Moreover, Purchaser agrees that, prior to the Closing, the Property Information will be transmitted only to Purchaser's Representatives (i) who need to know the Property Information for the purpose of evaluating the Premises, and who are informed by the Purchaser of the confidential nature of the Property Information and (ii) with respect to Purchaser's real estate broker and environmental consultant, who agree in writing to be bound by the terms of this Section 24, Section 14(c) and the last sentence of Section 4(a)(i). Prior to the delivery or disclosure of any Property Information to Purchaser's Representatives at any time prior to the Closing, Purchaser agrees to notify Seller as to their identity and, with respect to Purchaser's real estate broker and environmental consultant, to furnish Seller with their written assumption and adoption of the terms of this Section 24, Section 14(c) and the last sentence of Section 4(a)(i), all in the form annexed hereto as Exhibit "I" and made a part hereof. The provisions of this Section 24(a) shall in no event apply to Property Information which is a matter of public record and shall not prevent Purchaser from complying with Laws, including, without limitation, governmental regulatory, disclosure, tax and reporting requirements.

(b) Purchaser and Seller, for the benefit of each other, hereby agree that between the date hereof and the Closing Date, they will not release or cause or permit to be released any press notices, publicity (oral or written) or advertising promotion relating to, or otherwise announce or disclose or cause or permit to be announced or disclosed, in any manner whatsoever, the terms, conditions or substance of this Agreement or the transactions contemplated herein, without first obtaining the written consent of the other party hereto. It is understood that the foregoing shall not preclude either party from discussing the substance or any relevant details of the transactions contemplated in this Agreement, subject to the terms of Section 24(a), with any of its attorneys, accountants, professional consultants or potential lenders, as the case may be, or prevent either party hereto from complying with Laws, including, without limitation, governmental regulatory, disclosure, tax and reporting requirements.

(c) Purchaser shall indemnify and hold Seller and Seller's Affiliates harmless from and against any and all claims, demands, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, attorneys' fees and disbursements) suffered or incurred by Seller or any of Seller's Affiliates and arising out of or in connection with a breach by Purchaser or Purchaser's Representatives of the provisions of this Section 24.

(d) In the event this Agreement is terminated, Purchaser and Purchaser's Representatives shall promptly deliver to Seller all originals and copies of the Property Information referred to in clause (i) of Section 24(e) in the possession of Purchaser and Purchaser's Representatives. Notwithstanding anything contained herein to the contrary, in no event shall Purchaser be entitled to receive a return of the Downpayment or the accrued interest thereon, if any, if and when otherwise entitled thereto pursuant to this Agreement until such time as Purchaser and Purchaser's Representatives shall have performed the obligations contained in the preceding sentence.

(e) As used in this Agreement, the term "Property Information" shall mean (i) all information and documents in any way relating to the Premises, the operation thereof or the sale thereof (including, without limitation, Leases, Contracts and Licenses) furnished to, or otherwise made available for review by, Purchaser or its directors, officers, employees, affiliates, partners, brokers, agents or other representatives, including, without limitation, attorneys, accountants, contractors, consultants, engineers and financial advisors (collectively, "Purchaser's Representatives"), by Seller or any of Seller's Affiliates, or their agents or representatives, including, without limitation, their contractors, engineers, attorneys, accountants, consultants, brokers or advisors, and (ii) all analyses, compilations, data, studies, reports or other information or documents prepared or obtained by Purchaser or Purchaser's Representatives containing or based, in whole or in part, on the information or documents described in the preceding clause (i), or the Investigations, or otherwise reflecting their review or investigation of the Premises.

(f) In addition to any other remedies available to Seller, Seller shall have the right to seek equitable relief, including, without limitation, injunctive relief or specific performance, against Purchaser or Purchaser's Representatives in order to enforce the provisions of this Section 24 and the last sentence of Section 4(a)(i).

(g) The provisions of this Section 24 shall survive the termination of this Agreement and the Closing.

25. Miscellaneous

(a) This Agreement shall not be altered, amended, changed, waived, terminated or otherwise modified in any respect or particular, and no consent or approval required pursuant to this Agreement shall be effective, unless the same shall be in writing and signed by or on behalf of the party to be charged.

(b) This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, executors, administrators, successors and permitted assigns.

(c) All prior statements, understandings, representations and agreements between the parties, oral or written, are superseded by and merged in this Agreement, which alone fully and completely expresses the agreement between them in connection with this transaction and which is entered into after full investigation, neither party relying upon any statement, understanding, representation or agreement made by the other not embodied in this Agreement. This Agreement shall be given a fair and reasonable construction in accordance with the intentions of the parties hereto, and without regard to or aid of canons requiring construction against Seller or the party drafting this Agreement.

(d) Except as otherwise expressly provided herein, Purchaser's acceptance of the Assignment and Assumption of Ground Leases shall be deemed a discharge of all of the obligations of Seller hereunder and all of Seller's representations, warranties, covenants and agreements herein shall merge in the documents and agreements executed at the Closing and shall not survive the Closing.

(e) Purchaser agrees that it does not have and will not have any claims or causes of action against any disclosed or undisclosed officer, director, employee, trustee, shareholder, partner, principal, parent, subsidiary or other affiliate of Seller, including, without limitation, Citicorp, Citibank, N.A., Citicorp Real Estate, Inc. or Aspiration, Inc., or any officer, director, employee, trustee, shareholder, partner or principal of any such parent, subsidiary or other affiliate (collectively, "Seller's Affiliates"), arising out of or in connection with this Agreement or the transactions contemplated hereby. Purchaser agrees to look solely to Seller and its assets for the satisfaction of any liability or

obligation arising under this Agreement or the transactions contemplated hereby, or for the performance of any of the covenants, warranties or other agreements contained herein, and further agrees not to sue or otherwise seek to enforce any personal obligation against any of Seller's Affiliates with respect to any matters arising out of or in connection with this Agreement or the transactions contemplated hereby. Without limiting the generality of the foregoing provisions of this Section 25(e), Purchaser hereby unconditionally and irrevocably waives any and all claims and causes of action of any nature whatsoever it may now or hereafter have against Seller's Affiliates, and hereby unconditionally and irrevocably releases and discharges Seller's Affiliates from any and all liability whatsoever which may now or hereafter accrue in favor of Purchaser against Seller's Affiliates, in connection with or arising out of this Agreement or the transactions contemplated hereby. The provisions of this Section 25(e) shall survive the termination of this Agreement and the Closing.

(f) Purchaser agrees that, wherever this Agreement provides that Purchaser must send or give any notice, make an election or take some other action within a specific time period in order to exercise a right or remedy it may have hereunder, time shall be of the essence with respect to the taking of such action, and Purchaser's failure to take such action within the applicable time period shall be deemed to be an irrevocable waiver by Purchaser of such right or remedy.

(g) No failure or delay of either party in the exercise of any right or remedy given to such party hereunder or the waiver by any party of any condition hereunder for its benefit (unless the time specified herein for exercise of such right or remedy has expired) shall constitute a waiver of any other or further right or remedy nor shall any single or partial exercise of any right or remedy preclude other or further exercise thereof or any other right or remedy. No waiver by either party of any breach hereunder or failure or refusal by the other party to comply with its obligations shall be deemed a waiver of any other or subsequent breach, failure or refusal to so comply.

(h) Neither this Agreement nor any memorandum thereof shall be recorded and any attempted recordation hereof shall be void and shall constitute a default.

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

(j) Each of the Exhibits and Schedules referred to herein and attached hereto is incorporated herein by this reference.

(k) The caption headings in this Agreement are for convenience only and are not intended to be a part of this Agreement and shall not be construed to modify, explain or alter any of the terms, covenants or conditions herein contained.

(l) This Agreement shall be interpreted and enforced in accordance with the laws of the state in which the Premises is located without reference to principles of conflicts of laws.

(m) If any provision of this Agreement shall be unenforceable or invalid, the same shall not affect the remaining provisions of this Agreement and to this end the provisions of this Agreement are intended to be and shall be severable. Notwithstanding the foregoing sentence, if (i) any provision of this Agreement is finally determined by a court of competent jurisdiction to be unenforceable or invalid in whole or in part, (ii) the opportunity for all appeals of such determination have expired, and (iii) such unenforceability or invalidity alters the substance of this Agreement (taken as a whole) so as to deny either party, in a material way, the realization of the intended benefit of its bargain, such party may terminate this Agreement within thirty (30) days after the final determination by notice to the other. If such party so elects to terminate this Agreement, then this Agreement shall be terminated and neither party shall have any further rights, obligations or liabilities hereunder, except for the Surviving Obligations, and except that Purchaser shall be entitled to a return of the Downpayment (together with all interest accrued thereon, if any) subject to Section 24(d) and provided Purchaser is not otherwise in default hereunder.

(n) SELLER AND PURCHASER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER AGAINST THE OTHER ON ANY MATTER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

KEARNY MESA REALTY INC., a
California corporation, Seller

By: *David J. Fernandez*
Name: *David J. Fernandez*
Title: *Vice President*

SAN DIEGO HOSPITAL ASSOCIATION,
a non-profit public benefit
corporation, Purchaser

By: _____
Name:
Title:

Solely for the purpose of
agreeing to the provisions
of Section 20:

COMMONWEALTH LAND TITLE COMPANY,
Escrow Agent

By: _____
Name:
Title:

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

KEARNY MESA REALTY INC., a
California corporation, Seller

By: _____
Name:
Title:

SAN DIEGO HOSPITAL ASSOCIATION,
a non-profit public benefit
corporation, Purchaser

By: 
Name:
Title: *Sn. U.P.*

Solely for the purpose of
agreeing to the provisions
of Section 20:

COMMONWEALTH LAND TITLE COMPANY,
Escrow Agent

By: _____
Name:
Title:

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LIST OF SCHEDULES

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LIST OF EXHIBITS

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TABLE OF DEFINED TERMS

The following capitalized terms are defined in the respective Section of the Agreement identified below:

"A & A Agreements" - as such term is defined in Section 11(d) hereof.

"Additional Rents" - as such term is defined in Section 3(b) hereof.

"Agreement" - as such term is defined in the opening paragraph hereof.

"Approved Institution" - as such term is defined in Section 20(d) hereof.

"Approved Investment" - as such term is defined in Section 20(d) hereof.

"Bill of Sale" - as such term is defined in Section 11(f) hereof.

"Broker" - as such term is defined in Section 15 hereof.

"Buildings" - as such term is defined in Section 1(a) hereof.

"Clearing House Bank" - as such term is defined in Section 2(a) hereof.

"Closing" - as such term is defined in Section 4(b) hereof.

"Closing Date" - as such term is defined in Section 4(b) hereof.

"Contract and License Assignment" - as such term is defined in Section 11(c) hereof.

"Contracts" - as such term is defined in Section 11(c) hereof.

"Downpayment" - as such term is defined in Section 2(a) hereof.

"Due Diligence Period" - as such term is defined in Section 4(a)(i) hereof.

"Escrow Agent" - as such term is defined in Section 2(a) hereof.

"Fund" - as such term is defined in Section 20 hereof.

"Intangible Property Assignment" - as such term is defined in Section 11(d) hereof.

"Investigations" - as such term is defined in Section 18 hereof.

"Land" - as such term is defined in Section 1(a) hereof.

"Laws" - as such term is defined in Section 8(a)(i)(C) hereof.

"Lease Assignment" - as such term is defined in Section 11(b) hereof.

"Leases" - as such term is defined in Section 8(a)(i)(D) hereof.

"Licenses" - as such term is defined in Section 11(c) hereof.

"Liens" - as such term is defined in Section 6(b) hereof.

"New Lease" - as such term is defined in Section 13(a)(ii) hereof.

"New Lease Expenses" - as such term is defined in Section 13(a)(ii) hereof.

"Notice of Objection" - as such term is defined in Section 20(b)(i) hereof.

"Permitted Exceptions" - as such term is defined in Section 5 hereof.

"Personal Property" - as such term is defined in Section 1(a) hereof.

"Premises" - as such term is defined in Section 1(a) hereof.

"Property Information" - as such term is defined in Section 24(e) hereof.

"Purchase Price" - as such term is defined in Section 2 hereof.

"Purchaser" - as such term is defined in the opening paragraph hereof.

"Purchaser's Documents" - as such term is defined in Section 8(b)(i)(B) hereof.

"Purchaser's Representatives" - as such term is defined in Section 24(e) hereof.

"Purchaser's Termination Notice" - as such term is defined in Section 4(a)(iii) hereof.

"Rent Commencement Date" - as such term is defined in Section 13(a)(iii) hereof.

"Sales Tax Return" - as such term is defined in Section 11(f) hereof.

"Seller" - as such term is defined in the opening paragraph hereof.

"Seller's Affiliates" - as such term is defined in Section 25(e) hereof.

"Seller's Documents" - as such term is defined in Section 8(a)(i)(B) hereof.

"Seller's Knowledge" - as such term is defined in Section 8(a)(i) hereof.

"Surviving Obligations" - as such term is defined in Section 4(a)(iii) hereof.

"Title Commitment" - as such term is defined in Section 6(a)(i) hereof.

"Transfer Tax Payments" - as such term is defined in Section 9 hereof.

"Transfer Tax Return" - as such term is defined in Section 9 hereof.

"Unacceptable Encumbrances" - as such term is defined in Section 6(a)(i) hereof.