

## RAB Investment Properties, INC

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To: Fortress (formerly C W Capital Companies) Dave Lewis

Date: 6/20/2011

From: RAB Investment Properties, INC Anne Bailey, President

Re: Lembi Pool CW Bridge 11

Phone #: 574-367-8626

Fax #:

Mr. Frank:

This letter of intent ("LOI") outlines the general terms pursuant to which [REDACTED] or its assignee ("Purchaser") proposes to acquire from the owners thereof (collectively, the "Seller") the attached portfolio meeting the criteria set forth below (the "Properties" and each a "Property").

1. **PURCHASE PRICE.** The purchase price and/or strike price of the properties known as Lembi CW Bridge 11 shall be \$120,000,000 (One Hundred Twenty Million Dollars), Subject to the Purchaser reviewing and verifying the Financials of the subject properties and any other pertinent data in the seller's possession as outlined in paragraph three's due diligence. The buyer shall pay 3% of the purchase price to consultants.
2. **PROPERTIES.** The Properties shall meet minimum guidelines, as determined and applied by Purchaser in its sole and absolute discretion as to purchase of CW Bridge 11
  - a. The Properties are Commercial, Single Families Residences, Condos, Townhomes, and multi-family units etc. **see attached list Exhibit A**
  - b. Buyer and Seller to use sellers choice of title and escrow to insure title on each property, as some insurers are or may be unable to provide suitable assurance of financial capacity to insure.
  - c. Each of the Properties shall include a transfer of a 100% interest in fee simple (no partial interest or leaseholds).
  - d. Each of the Properties shall otherwise be consistent with the terms of the Purchase and Sale Agreement, as hereinafter defined; and
  - e. Seller shall have the full and demonstrable right and authority to sell and transfer all rights, title and interest in and to the Properties.
3. **DUE DILIGENCE** Within not more than three (3) days following the mutual execution of this Letter of Intent, Seller will provide Purchaser with all materials relevant to the Purchaser's acquisition thereof; including those materials listed on Exhibit A hereto which are in Seller's possession and/or control (the Due Diligence Materials"). Purchase shall have twenty-one (21) days following the delivery of the Due Diligence Materials (the "Due Diligence Period") to complete its investigations of each and every Property and all improvements thereon ("Due Diligence Examination"). Purchaser shall have the right to enter on and to inspect such of the Properties as Purchaser shall elect, and Seller shall reasonably cooperate therein.
4. **PURCHASE AND SALE AGREEMENT** Within three (3) days of mutual execution herein; Seller shall provide Purchaser with a form of purchase and sale agreement pursuant to which all of the Properties will be sold (the "Purchase and Sale Agreement"). The form and execution of such agreement shall be subject to good faith negotiation of the parties.
5. **ESCROW/DEPOSIT** If Seller agrees to the price, the Purchaser shall provide a hard proof of funds within 24 hours of acceptance, and following the execution of the Purchase and Sale Agreement, Seller and Purchaser shall open an escrow account with a mutually satisfactory escrow company (the "Escrow") and Purchaser shall place with the Escrow a cash deposit equal to one percent (1%) of the Purchase Price. The Deposit shall be held in an interest bearing account for the benefit of the Purchaser. In the event Purchaser elects to terminate the Purchase

and Sale Agreement on or before the expiration of the Due Diligence period all earnest money and interest shall be released to Purchaser and neither party shall have any further obligations. In the event the Purchaser does not notify the Seller of intent to terminate prior to the expiration of the due diligence period then the earnest money shall become non refundable for any reason except Seller's failure to perform.

6. CLOSING. The closing of the purchase and sale agreement between Seller and Purchaser (the "Closing") shall occur through the Escrow, not later than Thirty **(30) days following Purchaser's approval of its Due Diligence Examination. The Purchase Price shall be payable in cash, with Purchaser receiving a credit for the Deposit** (and all interest accrued thereon). Each of the properties shall be transferred by Special Warranty Deed. For each of the Properties, Purchaser shall receive a title policy issued by a national title company mutually selected by Seller and Purchaser.

7. PRORATION. All costs and expenses of the transaction shall be allocated between the Seller and Purchaser in a manner customary in the State of California. Among other things, the Seller shall be responsible for all the transfer taxes, recording fees, title insurance, and the cost of Escrow shall be equally split between Seller and Purchaser. Property taxes and rents shall be prorated as of the Closing.

8. CONFIDENTIALITY. Seller agrees that the terms and details of this LOI and the transaction described herein will be considered proprietary and confidential information. **This LOI is not a binding legal document.** Neither party shall be deemed bound until the mutual execution of a definitive Purchase and Sale Agreement.

9. TERMINATION. The offer shall expire at 5:00 PM on June 27, 2011 (the "Expiration Date"), unless, prior to the Expiration Date, a copy hereof, countersigned by Seller, is returned to the undersigned via fax.

10. PROOF OF FUNDS. Seller shall directly send request for Verification of Deposit to Purchaser's Depository to be completed by the Depository and return directly to Seller. The (1) Purchaser's Depository, Account Number and Contact (Department Phone & Fax Number) shall be given upon Seller's execution of this agreement.

Respectfully,

Anne Bailey  
NAME OF BUYER

President  
BUYERS TITLE

RAB Investment Properties , INC  
NAME OF COMPANY

Signature Anne Bailey Date 6/20/2011

**RECEIVED BY AND AGREED BY**

\_\_\_\_\_  
NAME OF SELLER

\_\_\_\_\_  
SELLERS TITLE

NAME OF COMPANY \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

## Exhibit A

### Properties described as Lembi pool CW -Bridge 11 specifically

#### **CW - Bridge 11**

Building	District	Residential	Commercial	
980	Bush	Nob Hill	73	
1408	California	Nob Hill	37	3
665	Eddy	Downtown	47	1
725	Ellis	Downtown	53	
701	Fell	Hayes Valley	18	
520	Geary	Downtown	88	3
		Upper		
2	Guerrero	Market	27	6
		Upper		
15	Herman	Market	62	5
525	Leavenworth	Downtown	24	
535	Leavenworth	Downtown	24	
666	O'Farrell	Downtown	35	
675	O'farrell	Downtown	25	
400	Page	Hayes Valley	25	
930	Post	Downtown	44	
861	Sutter	Nob Hill	61	
2656	Van Ness	Marina	19	
			662	15
Building Count	16			

#### **Due Diligence**

Seller shall provide the following materials in the Seller's possession or reasonable control:

All current leases reflecting rents, deposits and associated expenses

2009 and 2010 year end P&L statements

Any appraisals, valuations or BPO's done on subject properties within the past 12 months

Improvement location certificates or surveys as applicable

Commitment to insure title (Purchaser shall have an objection period and Seller shall have cure period as defined in Purchase and Sale Agreement)

Current tax assessment information

And other information in Seller's possession or reasonable control as Purchaser may request prior to expiration of due diligence period

Seller shall facilitate access to each property with reasonable notice for inspections. Purchaser shall coordinate such inspections with property Management Company and minimize disruptions to existing tenants.