

Execution Version

PURCHASE AND SALE AGREEMENT

BETWEEN

LNR – LENNAR WASHINGTON SQUARE, LLC, as the Seller

AND

DULCE VIEW (LOS ANGELES), LLC, as the Purchaser

**Washington Square
330 Washington Boulevard
Marina del Rey, California 90292**

Dated as of January 14, 2009

TABLE OF CONTENTS

	Page
ARTICLE I	DEFINITIONS..... 1
1.1	Certain Definitions..... 1
1.2	Terms Defined Elsewhere in this Agreement..... 6
1.3	Other Definitional and Interpretive Matters 6
ARTICLE II	PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES..... 7
2.1	Purchase and Sale of Assets..... 7
2.2	Excluded Assets 8
2.3	Assumption of Liabilities..... 8
2.4	Cure Amounts 9
2.5	Bulk Sales Laws..... 9
2.6	Permitted Exceptions 9
ARTICLE III	CONSIDERATION 9
3.1	Consideration 9
3.2	Purchase Price Deposit 9
3.3	Payment of Purchase Price..... 10
ARTICLE IV	CLOSING AND TERMINATION..... 10
4.1	Closing Date..... 10
4.2	Deliveries by Seller..... 11
4.3	Deliveries by Purchaser 12
4.4	Termination of Agreement..... 12
4.5	Procedure Upon Termination..... 13
4.6	Effect of Termination..... 14
ARTICLE V	TITLE MATTERS..... 14
5.1	Title Report and Survey 14
5.2	Title Insurance 14
ARTICLE VI	ADJUSTMENTS AND PRORATIONS 15
6.1	The following adjustments and prorations shall be made at Closing: ... 15
ARTICLE VII	REPRESENTATIONS AND WARRANTIES OF SELLER..... 16
7.1	Organization, Good Standing, and Bankruptcy Case 16
7.2	Authorization of Agreement 17
7.3	Conflicts; Consents of Third Parties 17

TABLE OF CONTENTS
(continued)

	Page
7.4 Compliance with Laws	17
7.5 No Condemnation or Other Legal Proceedings	17
7.6 Environmental Matters.....	18
7.7 Financial Advisors	18
7.8 Contracts	18
7.9 Community Facility and Other Special Assessment Districts	18
7.10 Documents	18
7.11 OCIP Policies.....	18
7.12 Bonds; Letters of Credit.....	19
7.13 Knowledge Defined	19
7.14 No Other Representations or Warranties; Schedules.....	19
ARTICLE VIII REPRESENTATIONS AND WARRANTIES OF PURCHASER...	19
8.1 Organization and Good Standing.....	19
8.2 Authorization of Agreement	20
8.3 Conflicts; Consents of Third Parties	20
8.4 Litigation.....	20
8.5 Financial Advisors	21
8.6 Financial Capability	21
8.7 Non-Collusion.....	21
8.8 Condition of the Property.....	21
ARTICLE IX BANKRUPTCY COURT MATTERS	22
9.1 Approval of Break-Up Fee.....	22
9.2 Competing Transaction.....	23
9.3 Bankruptcy Court Filings.....	23
ARTICLE X COVENANTS	24
10.1 Maintenance of the Property Pending the Closing	24
10.2 Consents.....	25
10.3 Further Assurances.....	25
10.4 Confidentiality	25
10.5 Preservation of Records	25
10.6 Publicity	26
10.7 Use of Name	26

TABLE OF CONTENTS
(continued)

	Page
10.8 Supplementation and Amendment of Schedules	26
ARTICLE XI CONDITIONS TO CLOSING	27
11.1 Conditions Precedent to Obligations of Purchaser	27
11.2 Conditions Precedent to Obligations of Seller	28
11.3 Conditions Precedent to Obligations of Purchaser and Seller	28
11.4 Frustration of Closing Conditions	29
11.5 Approvals not a Condition to Purchaser's Performance	29
ARTICLE XII CONDEMNATION	29
12.1 Right to Terminate	29
12.2 Assignment of Proceeds	29
ARTICLE XIII NO SURVIVAL AND INDEMNIFICATION	30
13.1 No Survival of Representations and Warranties	30
13.2 Indemnification by Purchaser	30
13.3 Indemnification Procedures	30
13.4 Calculation of Losses	32
13.5 Tax Treatment of Indemnity Payments	32
13.6 No Consequential Damages; Limitation on Seller's Recoverable Damages	33
ARTICLE XIV TRANSFER TAXES	33
14.1 Transfer Taxes	33
ARTICLE XV MISCELLANEOUS	33
15.1 Expenses	33
15.2 Injunctive Relief	34
15.3 Submission to Jurisdiction; Consent to Service of Process	34
15.4 Waiver of Right to Trial by Jury	34
15.5 Entire Agreement; Amendments and Waivers	34
15.6 Governing Law	35
15.7 Notices	35
15.8 Severability	36
15.9 Binding Effect; Assignment	36
15.10 Professional Fees	36
15.11 Non-Recourse	36

TABLE OF CONTENTS
(continued)

	Page
15.12 Counterparts.....	37
15.13 Guarantee.....	37

Schedules

1.1	Assumed Contracts
7.6	Environmental Matters
7.7	Financial Advisors
7.12	Letters of Credit, Cash Collateral, Bonds

Exhibits

A	Bidding Procedures Order
B	Personal Property
C	Legal Description
D	Deed
E	Bill of Sale
F	Assignment of Intangible Property
G	FIRPTA

PURCHASE AND SALE AGREEMENT

PURCHASE AND SALE AGREEMENT (this "Agreement") dated as of January 14, 2009 (the "Effective Date"), between LNR – LENNAR WASHINGTON SQUARE, LLC, a California limited liability company ("Seller"), and DULCE VIEW (LOS ANGELES), LLC, a California limited liability company ("Purchaser").

WITNESSETH:

WHEREAS, Seller is a debtor and debtor in possession in a case pending under Chapter 11 of the United States Code, 11 U.S.C. § 101 et seq. (the "Bankruptcy Code"), and filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on June 8, 2008, in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") (Case No. 08-11111 (KJC)) (the "Bankruptcy Case");

WHEREAS, Seller presently owns the Property (as hereinafter defined);

WHEREAS, Seller desires to sell, transfer and assign to Purchaser, and Purchaser desires to purchase, acquire and assume from Seller, pursuant to Sections 363 and 365 of the Bankruptcy Code, the Property and Assumed Liabilities, all as more specifically provided herein (collectively, the "Transaction"); and

WHEREAS, certain terms used in this Agreement are defined in Section 1.1;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"Approved Title Exceptions" means all matters reflected in the Title Report or on any survey of the Property that are not released by the Sale Order as contemplated by Section 11.1(d) hereof.

"Assumed Contracts" means all contracts and leases set forth on Schedule 1.1 attached hereto and incorporated herein by this reference.

"Auction" has the meaning specified in the Bidding Procedures Order.

"Auction Notice" has the meaning specified in the Bidding Procedures Order.

"Auction Notice Parties" has the meaning specified in the Bidding Procedures.

"Bidding Procedures" means the bidding procedures, prepared in accordance with the terms of the Bidding Procedures Order and attached hereto as Exhibit A.

"Bidding Procedures Order" means that certain Order (i) Approving Standard Bidding Procedures for the Sale of Real Property Free and Clear of Liens, Claims and Interests Pursuant to Section 363(f) of the Bankruptcy Code, (ii) Authorizing the Debtors to Enter into Stalking Horse Agreements Containing a Reasonable Break-Up Fee, (iii) Approving the Form of Notice for Each of the Auctions and Sale Hearings, and (iv) Approving Procedures for the Cure, Assumption and Assignment of Contracts, entered by the Bankrupt Court on December 9, 2008.

"Business Day" means any day of the year on which national banking institutions in California are open to the public for conducting business and are not required or authorized to close.

"Code" means the Internal Revenue Code of 1986, as amended.

"Contract" means any written contract, indenture, note, bond, lease or other agreement relating to the Property or any portion thereof.

"Documents" means the documents and instruments applicable to the Property or any portion thereof that Seller has delivered or made available to Purchaser on an intralinks data website to which Purchaser has been given access prior to the date hereof, including, but not limited to, the Title Report, the Title Documents and the Property Documents.

"Environmental Law" means any foreign, federal, state or local statute, regulation, ordinance, or rule of common law currently in effect relating to the protection of human health and safety or the environment or natural resources including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.) the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), and the regulations promulgated pursuant thereto.

"Excluded Contract" means any Contract that is not an Assumed Contract.

"Governmental Body" means any government or governmental or regulatory body thereof, or political subdivision thereof, whether foreign, federal, state, or local, or any agency, instrumentality or authority thereof, or any court or arbitrator (public or private).

"Law" means any federal, state, local or foreign law, statute, code, ordinance, rule or regulation.

"Legal Proceeding" means any judicial, administrative or arbitral actions, suits, proceedings (public or private) or claims or any proceedings by or before a Governmental Body.

"Liability" means any debt, liability or obligation (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due), and including all costs and expenses relating thereto.

"Lien" means any lien, encumbrance, pledge, mortgage, deed of trust, security interest, claim, lease, charge, option, right of first refusal, easement, servitude, proxy, voting trust or agreement, transfer restriction under any shareholder or similar agreement or encumbrance.

"Order" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Body.

"Ordinary Course of Business" means the ordinary and usual course of normal day-to-day operations of the Property through the date hereof consistent with past practice.

"Other Property Rights" means, collectively, Seller's interest in and to all of the following, if and to the extent the same are assignable by Seller (a) to the extent that the same are in effect as of the Closing Date, any licenses, Permits and other written authorizations necessary for the use, operation or ownership of the Real Property, and (b) those licenses, guaranties and warranties in effect with respect to any right to any portion of the Property as of the Closing Date.

"Permits" means any approvals, authorizations, consents, licenses, permits (including any building permit cards) or certificates of a Governmental Body.

"Permitted Exceptions" means (i) Approved Title Exceptions; (ii) statutory liens for current Property Taxes, assessments or other governmental charges not yet delinquent; (iii) zoning, entitlement and other land use and environmental regulations by any Governmental Body provided that such regulations have not been violated; and (iv) any exceptions to title caused by Purchaser, its agents, representatives or employees, but Permitted Exceptions shall not under any circumstances include any of the items from which the Project is to be conveyed free and clear of pursuant to the Sale Order as contemplated by Section 11.1(d) hereof.

"Person" means any individual, corporation, limited liability company, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Body or other entity.

"Personal Property" means, collectively, (a) all tangible personal property owned by Seller (excluding any computer software or programs which either (i) are licensed to Seller or

Seller's property manager, or (ii) located on the Real Property and used in the ownership, operation and maintenance of the Real Property as listed on Exhibit B attached hereto and incorporated herein by this reference), and (b) all books, records and files owned by the Seller and posted on the intralinks data site that the Purchaser has been given access to (excluding any appraisals, strategic plans for the Real Property, internal analyses, information regarding the marketing of the Property for sale, attorney and accountant work product, and attorney-client privileged documents) relating to the Real Property.

"Podium Project" means the portion of the Property consisting of a low-rise condominium building containing twenty-seven condominium units as more particularly described on Exhibit C-1.

"Project" means each of the Podium Project, the Tower Project and the Townhouse Project.

"Property" means, collectively, (a) the Real Property, (b) the Personal Property, (c) the Assumed Contracts, and (d) the Other Property Rights.

"Property Documents" means, collectively, (a) the Assumed Contracts and (b) any other documents or instruments which constitute or otherwise create any portion of the Property, including without limitation the Seller's rights and interest, if any, to plans and specifications related to the construction of the Projects and any other improvements to be made to the Property in connection therewith.

"Property Taxes" means Taxes but only to the extent imposed solely with respect to the Property or portions thereof and specifically excluding net income, gross receipts, capital, sales, use, transfer, documentary transfer, franchise, profits, capital stock, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation and estimated taxes.

"Real Property" means, collectively, those certain parcels of real estate legally described in Exhibit C attached hereto and incorporated herein by this reference, together with all buildings, improvements and fixtures located thereon and owned by Seller as of the Closing Date and all rights, privileges and appurtenances pertaining thereto including all of Seller's right, title and interest in and to all rights-of-way, open or proposed streets, alleys, easements, and strips or gores of land adjacent thereto.

"Sale Motion" means the motion, motions or notice of sale hearing of Seller, in form and substance reasonably acceptable to Purchaser and Seller, seeking approval and entry of the Sale Order.

"Sale Order" means an order or orders of the Bankruptcy Court in form and substance reasonably acceptable to Purchaser and Seller approving this Agreement and all of the terms and conditions hereof, and approving and authorizing Seller to consummate the transactions contemplated hereby. Without limiting the generality of the foregoing, such order shall find and provide, among other things, that (i) the Property sold to Purchaser pursuant to this Agreement shall be transferred to Purchaser free and clear of all Liens (other than Liens created by Purchaser and Permitted Exceptions) and claims; (ii) Purchaser has acted in "good faith"

within the meaning of Section 363(m) of the Bankruptcy Code; (iii) this Agreement was negotiated, proposed and entered into by the parties without collusion, in good faith and from arm's length bargaining positions; (iv) the Bankruptcy Court shall retain jurisdiction to resolve any controversy or claim arising out of or relating to this Agreement, or the breach hereof as provided in Section 15.3 hereof; and (v) this Agreement and the transactions contemplated hereby may be specifically enforced against and binding upon, and not subject to rejection or avoidance by, Seller or any chapter 7 or chapter 11 trustee of Seller.

"Seller Parties" means Seller and its Affiliates and their respective officers, directors, trustees, members, managers, employees, advisors, agents, consultants and representatives.

"Substantial Completion" means a temporary certificate of occupancy has been issued by the appropriate Governmental Body with respect to the applicable Project, Purchaser has received written notice thereof (together with a true, complete and correct copy of such temporary certificate of occupancy) and such temporary certificate of occupancy is in full force and effect.

"Successful Bidder" has the meaning specified in the Bidding Procedures.

"Tax Authority" means any state or local government, or agency, instrumentality or employee thereof, charged with the administration of any law or regulation relating to Taxes.

"Taxes" means (i) all federal, state, local or foreign taxes, charges or other assessments, including, without limitation, all net income, gross receipts, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, and (ii) all interest, penalties, fines, additions to tax or additional amounts imposed by any taxing authority in connection with any item described in clause (i).

"Title Company" means First American Title Insurance Company.

"Title Documents" means all recorded documents referred to on Schedule B of the Title Report as exceptions to coverage.

"Title Report" means, collectively, the reports of the Title Company with respect to the ownership of the Property and exceptions to such owners' title to the property, copies of which reports and documents underlying such exceptions (to the extent obtainable) have been delivered to the Purchaser on or prior to the date hereof.

"Tower Project" means the portion of the Property consisting of a 9-story tower building as more particularly described on Exhibit C-2.

"Townhouse Project" means the portion of the Property consisting of vacant land that is the proposed site of 50 townhomes as more particularly described on Exhibit C-3.

1.2 Terms Defined Elsewhere in this Agreement. For purposes of this Agreement, the following terms have meanings set forth in the sections indicated:

<u>Term</u>	<u>Section</u>
Additional Deposit	3.2
Agreement	Introductory Paragraph
Assignment of Intangible Property	4.2(c)
Assumed Liabilities	2.3
Bankruptcy Case	Recitals
Bankruptcy Code	Recitals
Bankruptcy Court	Recitals
Bankruptcy Submittals	9.3
Bill of Sale	4.2(b)
Break-Up Fee	9.1
Closing	4.1
Closing Date	4.1
Closing Statement	4.2(e)
Competing Bid	9.2
Confidential Information	10.4
Confidentiality Agreement	10.4
Consultant	11.1(j)
Deed	4.2(a)
Effective Date	Introductory Paragraph
Escrow Agent	3.2
Escrowed Funds	3.2
Excluded Assets	2.2
Guarantor	15.13
Indemnification Claim	13.3
Loss	13.2(a)(i)
OCIP Policies	2.2(d)
Owner's Title Policy	5.2
Punch List	7.14
Punch List Holdback	7.14
Purchase Price	3.1
Purchaser	Introductory Paragraph
Purchaser Documents	8.2
Seller	Introductory Paragraph
Seller Documents	7.2
Seller Marks	10.7
Transaction	Recitals
Transfer Taxes	14.1

1.3 Other Definitional and Interpretive Matters.

(a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

Dollars. Any reference in this Agreement to \$ shall mean U.S. dollars.

Exhibits/Schedules. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any matter or item disclosed on one schedule shall be deemed to have been disclosed on each other schedule. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement.

Gender and Number. Any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa.

Headings. The provision of a Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement. All references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified.

Herein. The words such as "herein," "hereinafter," "hereof," and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires.

Including. The word "including" or any variation thereof means "including, without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(b) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

ARTICLE II

PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES

2.1 **Purchase and Sale of Assets.** On the terms and subject to the conditions set forth in this Agreement and subject to the Permitted Exceptions, at the Closing Purchaser shall purchase, acquire, accept and assume from Seller, and Seller shall sell, transfer, assign, convey and deliver to Purchaser all of Seller's right, title and interest in, to and under the Property (as reflected in the Title Report). The parties acknowledge and agree that the Property includes more than one Project; accordingly, references to the "Project" shall be interpreted as if followed by the words "or the applicable Project, as appropriate" and except as specifically set forth in this

Agreement, any termination of this Agreement for any reason whatsoever shall be a termination of this Agreement as to all Projects comprising the Property.

2.2 Excluded Assets. Nothing herein contained shall be deemed to sell, transfer, assign or convey the Excluded Assets to Purchaser, and Seller shall retain all right, title and interest to, in and under the Excluded Assets. "Excluded Assets" shall mean all assets, properties, interests and rights of Seller other than the Property, including, without limitation, each of the following assets:

(a) all cash, cash equivalents, bank deposits or similar cash items of Seller (but the Excluded Assets shall not include, and the Seller shall transfer, assign and convey to Purchaser, all unapplied purchase, security and other deposits made to Seller by third parties under any Assumed Contracts;

(b) the Excluded Contracts, including any accounts receivable arising out of or in connection with any Excluded Contract;

(c) any intellectual property rights of Seller (but Excluded Assets shall not include (i) any rights that the Seller may have to the trade name "Pier Pointe", (ii) any rights that Seller may have to the website www.pierpointe.com and (iii) any marketing materials used by Seller in connection with marketing individual condominium units at the Project for sale;

(d) all insurance policies or rights to proceeds thereof relating to the assets, properties, business or operations of Seller but the Excluded Assets shall not include (x) construction defect and/or so-called "owner-carried" (i.e., OCIP) and/or "wrap-up" insurance policies with respect to work performed and/or materials supplied in connection with the construction of one or more of the Projects or any portion of any thereof (all of such policies are referred to collectively as the "OCIP Policies"), or (y) any claims made or that may be made under any of the policies described in clause (x) of this Section 2.2(d); and

(e) any rights, claims or causes of action of Seller against third parties relating to assets, properties, business or operations of Seller arising out of events occurring on or prior to the Closing Date, but not any rights, claims or causes of action (i) under the OCIP Policies and rights to proceeds thereof that are not Excluded Assets under Section 2.2(d) hereof and (ii) against contractors, subcontractors or suppliers of materials with respect to work performed and/or materials supplied in connection with the construction of one or more of the Projects or any portion of any thereof under any Assumed Contracts.

2.3 Assumption of Liabilities. On the terms and subject to the conditions set forth in this Agreement, at the Closing Purchaser shall assume, effective as of the Closing, and shall timely perform and discharge in accordance with their respective terms, all of the following Liabilities and/or obligations (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due) (collectively, the "Assumed Liabilities"):

(a) all Liabilities under the Permitted Exceptions first accruing after Closing to the extent that any document that is a Permitted Exception requires the assumption of such Liabilities by Purchaser in connection with the conveyance of the Property to Purchaser;

(b) all Liabilities under any Permits, community facility districts or other similar assessment districts first accruing after Closing;

(c) one-half (1/2) of the Transfer Taxes applicable to the transfer of the Property pursuant to this Agreement; and

(d) all other Liabilities with respect to the Property or the Assumed Contracts first accruing after the Closing (but Purchaser is not assuming any obligations under the Assumed Contracts accruing prior to Closing or with respect to work performed and/or services provided thereunder prior to Closing.

For the avoidance of doubt, Seller shall pay all amounts due with respect to the Assumed Liabilities to the extent such costs arose and accrued prior to the Closing and are not otherwise released or discharged in the Bankruptcy Case.

2.4 Cure Amounts. At Closing and pursuant to Section 365 of the Bankruptcy Code, Seller shall assume and assign to Purchaser and Purchaser shall assume from Seller, the Assumed Contracts, provided that Purchaser shall only be required to assume the obligations accruing from and after Closing and Purchaser shall not be required to assume obligations accruing prior to the Closing. Purchaser is not assuming and Seller shall be required to pay the cure amounts, as determined by the Bankruptcy Court, if any, that may be necessary to cure pre Closing defaults, if any, nor is Purchaser assuming and it shall not be required to pay any actual or pecuniary losses that have resulted from such defaults under the Assumed Contracts.

2.5 Bulk Sales Laws. Purchaser hereby waives compliance by Seller with the requirements and provisions of any "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the sale and transfer of any or all of the Property to Purchaser. However, such waiver does not constitute Purchaser's assumption of (i) any liability on the part of Seller for noncompliance therewith or (ii) obligation of Seller with respect to compliance therewith.

2.6 Permitted Exceptions. Purchaser acknowledges that it shall take title subject to the Liabilities under the Permitted Exceptions to the extent that such Liabilities are not Assumed Liabilities.

ARTICLE III

CONSIDERATION

3.1 Consideration. The aggregate consideration for the Property shall be (a) an amount in cash equal to Forty-Five Million and No/100 Dollars (\$45,000,000.00) (the "Purchase Price"), and (b) the assumption of the Assumed Liabilities.

3.2 Purchase Price Deposit. Within three (3) business days after the execution by Purchaser and Seller of this Agreement, pursuant to the terms of the Escrow Agreement, Purchaser shall deposit with First American Title Insurance Company, in its capacity as escrow agent (the "Escrow Agent") the sum of One Million Six Hundred Fifty Thousand and No/100 Dollars (\$1,650,000.00) by wire transfer of immediately available funds (the "Initial Deposit"),

which Initial Deposit shall be deemed non-refundable. In addition, within two (2) Business Days after Purchaser receives written notice of the entry of the Sale Order by the Bankruptcy Court, Purchaser shall deposit with the Escrow Agent an additional Two Million and No/100 Dollars (\$2,000,000.00) by wire transfer of immediately available funds (the "Additional Deposit" and together with the Initial Deposit, the "Escrowed Funds"), which Additional Deposit shall be deemed non-refundable. The Escrowed Funds shall be released by the Escrow Agent and delivered to either Purchaser or Seller, in accordance with the provisions of the Escrow Agreement. Pursuant to the Escrow Agreement, the Escrowed Funds (together with all accrued investment income thereon) shall be distributed as follows:

(a) if the Closing occurs, the Escrowed Funds shall be applied towards the Purchase Price payable by Purchaser to Seller under Section 3.3 hereof, and all accrued investment income thereon shall be delivered to Purchaser at the Closing;

(b) if this Agreement is terminated pursuant to Section 4.4(g), the Escrowed Funds, together with all accrued investment income thereon, shall be delivered to Seller; or

(c) if this Agreement is terminated for any reason other than pursuant to Section 4.4(g), the Escrowed Funds, together with all accrued investment income thereon, shall in each case be returned to Purchaser.

3.3 Payment of Purchase Price. On the Closing Date, Purchaser shall pay to Seller an amount equal to the Purchase Price (less the Escrowed Funds) by wire transfer of immediately available funds into an account designated by Seller, subject to the prorations and adjustments set forth in Article VI or as otherwise provided under this Agreement, plus any other closing costs required to be paid by Purchaser at Closing.

ARTICLE IV

CLOSING AND TERMINATION

4.1 Closing Date. Subject to the satisfaction of the conditions set forth in Sections 11.1, 11.2 and 11.3 hereof (or the waiver thereof by the party entitled to waive that condition), the closing of the purchase and sale of the Property and the assumption of the Assumed Liabilities provided for in Article II hereof (the "Closing") shall be conducted so-called "California-style" through the Title Company acting as escrow agent pursuant to escrow instructions prepared by Seller and shall be completed by Noon (California time) on the date that is two (2) Business Days following the satisfaction or waiver of the conditions set forth in Article XI with respect to the Property (other than conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), unless another time or date, or both, are agreed to in writing by the parties hereto. In the event that Substantial Completion is achieved with respect to the Tower Project but not the Podium Project, the Purchaser shall nevertheless close on the purchase of all of the Projects, provided, however, that a portion of the Purchase Price in the amount of Ten Million and no/100 Dollars (\$10,000,000.00) shall be deposited into an interest bearing escrow account with the Escrow Agent (the "Podium Escrow") and shall not be released to the Seller until such time as the Seller has provided the Escrow Agent and Purchaser with a copy of the temporary certificate of occupancy for the Podium

Project; provided, however, that (i) in the event Substantial Completion is not achieved with respect to the Podium Project within ninety (90) days following the Closing Date, Purchaser shall have the right to replace the \$10,000,000 cash funds and all interest accrued thereon and held in escrow with an unconditional and irrevocable letter of credit in the face amount of \$10,000,000.00 plus the amount of accrued interest issued by a national banking association acceptable to Seller and in form and substance satisfactory to Seller, and (ii) in the event Substantial Completion is not achieved with respect to the Podium Project within 12 months following the Closing Date, the Podium Escrow (in the event the Purchaser has not previously elected to replace the cash funds with an acceptable letter of credit) and all accrued interest thereon shall be released to Purchaser or the letter of credit shall be returned to Purchaser, in all events so long as Purchaser has used its commercially reasonable efforts to cooperate with Seller in achieving Substantial Completion of the Podium Project and has not taken any action to hinder or delay Seller's efforts. Notwithstanding anything to the contrary set forth in this Agreement, Substantial Completion with respect to the Townhouse Project is not a condition of the Purchaser's or Seller's obligations under this Agreement. The date on which the Closing the Property shall be held is referred to in this Agreement as the "Closing Date." Unless otherwise agreed by the parties in writing, the Closing shall be deemed effective and all right, title and interest of Seller to be acquired by Purchaser hereunder at Closing shall be considered to have passed to Purchaser as of 12:01 a.m. (California time) on the Closing Date.

4.2 Deliveries by Seller. At or prior to the Closing (in accordance with the last paragraph of this Section 4.2), Seller shall deliver to Purchaser (except that, with respect to the Closing Statement Seller shall deliver to Escrow Agent and not to Purchaser):

(a) a duly executed and acknowledged special warranty deed for each Project in the form of Exhibit D attached hereto (collectively, the "Deed");

(b) a duly executed bill of sale for each Project in the form of Exhibit E hereto (collectively, the "Bill of Sale");

(c) a duly executed assignment and assumption of the Assumed Contracts and the Other Property Rights for each Project (to the extent the same are not transferred by the Deed or Bill of Sale) in the form of Exhibit F hereto (collectively, the "Assignment of Intangible Property");

(d) a duly executed non-foreign status affidavit in the form of Exhibit G attached hereto, as required by Section 1445 of the Code, and a duly executed California Form 593-C executed by Seller as required by the California Revenue and Taxation Code;

(e) Escrow Agent's form of closing statement, setting forth the prorations and adjustments to the Purchase Price respecting the Property to be made pursuant to Article VII (the "Closing Statement"), executed by Seller;

(f) the officers' certificates required to be delivered pursuant to Sections 11.1(a) and 11.1(b);

(g) any tax forms required by the Title Company;

(h) keys to all locks on the Real Property in Seller's or Seller's building manager's possession and originals or, if originals are not available, copies, of all of the Property Documents, to the extent not previously delivered to Purchaser; and

(i) all other instruments of conveyance and transfer, in form and substance reasonably acceptable to Purchaser, as may be necessary to convey the Property to Purchaser.

The items to be delivered by Seller in accordance with the terms of subsections (a) through (g), and (i) of this Section 4.2 shall be delivered to Escrow Agent no later than 5:00 p.m. (California time) on the last Business Day prior to the Closing Date; provided, however, that the Seller may deliver its signature page to Closing Statement either in the form of a pdf or faxed copy for closing, and Seller shall deliver the items to be delivered by Seller in accordance with the terms of subsection (h) of this Section 4.2 to Purchaser shall be delivered outside of escrow on the Closing Date and shall be deemed delivered if the same are located at the Projects on the Closing Date.

4.3 Deliveries by Purchaser. At or prior to the Closing (in accordance with the last paragraph of this Section 4.3), Purchaser shall deliver to Seller (except that, with respect to the Closing Statement Purchaser shall deliver to Escrow Agent and not to Seller):

(a) the Purchase Price (less the Escrowed Funds and the Punch List Holdback, which amounts shall be deposited with the Escrow Agent in accordance with the terms hereof) plus any other amounts required to be paid by Purchaser at Closing, in immediately available funds, as set forth in Section 3.3 hereof;

(b) a duly executed Assignment of Intangible Property;

(c) Intentionally Omitted;

(d) the officers' certificates required to be delivered pursuant to Sections 11.1(a) and 11.1(b);

(e) the Closing Statement, executed by Purchaser; and

(f) such other documents, instruments and certificates as the Title Company or the Seller may reasonably request, including without limitation, any escrow agreement required under this Agreement or any license or easement agreement reasonably required by Seller in order to provide Seller with the right to complete the Projects in accordance with the obligations set forth in this Agreement.

The items to be delivered by Purchaser in accordance with the terms of subsections (b) through (f) of this Section 4.3 shall be delivered to Escrow Agent no later than 5:00 p.m. (California time) on the last Business Day prior to the Closing Date (other than the executed Closing Statement, a pdf or faxed copy of which shall be delivered to Escrow Agent no later than 5:00 p.m. (California time) with an original to be delivered the immediately succeeding Business Day).

4.4 Termination of Agreement. This Agreement may be terminated, prior to the Closing as follows:

(a) by Purchaser, if the Closing shall not have occurred by March 15, 2009 ("Purchaser Termination Date") and by Seller, if the Closing shall not have occurred by June 30, 2009 ("Seller Termination Date") due solely to the failure of the Bankruptcy Court to enter the Sale Order, provided, that the terminating party is not in material breach of any of its representations and warranties contained in this Agreement and has not failed in any material respect to perform any of its material obligations hereunder and the delay in Closing has not been caused by any action or inaction on the part of the terminating party;

(b) by Purchaser if the Break-Up Fee has not been approved by the Bankruptcy Court and all appeal periods have expired on or before February 4, 2009;

(c) by mutual written consent of Seller and Purchaser;

(d) by Purchaser, if any of the conditions to the obligations of Purchaser set forth in Sections 11.1 and 11.3 shall have become incapable of fulfillment other than as a result of a breach by Purchaser of any covenant or agreement contained in this Agreement, and such condition is not waived by Purchaser;

(e) by Seller, if any condition to the obligations of Seller set forth in Sections 11.2 and 11.3 shall have become incapable of fulfillment other than as a result of a breach by Seller of any covenant or agreement contained in this Agreement, and such condition is not waived by Seller;

(f) by Purchaser, if there shall be a material breach by Seller of any representation or warranty, or any covenant or agreement contained in this Agreement that would result in a failure of a condition set forth in Section 11.1 or 11.3 and which breach cannot be cured or has not been cured by the earlier of (i) twenty (20) Business Days after the giving of written notice by Purchaser to Seller of such breach and (ii) the Purchaser Termination Date;

(g) by Seller, if there shall be a material breach by Purchaser of any representation or warranty, or any covenant or agreement contained in this Agreement that would result in a failure of a condition set forth in Section 11.2 or 11.3 and which breach cannot be cured or has not been cured by the earlier of (i) twenty (20) Business Days after the giving of written notice by Seller to Purchaser of such breach and (ii) the Seller Termination Date;

(h) by Seller or Purchaser if there shall be in effect a final nonappealable Order of a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby, it being agreed that the parties hereto shall promptly appeal any adverse determination which is not nonappealable (and pursue such appeal with reasonable diligence), provided that an Order by a Governmental Body with respect to land use entitlements concerning the Property shall not be construed as an Order prohibiting the consummation of the transactions contemplated hereby, even if such Order may adversely impact, in whole or in part, Purchaser's expectation of benefits under this Agreement, but Purchaser nevertheless may terminate this Agreement on account of such an Order if it is

entered after the Effective Date and prior to Closing and such Order has a material adverse effect on the Property or any material portion thereof; or

(i) by Purchaser or Seller, if the Bankruptcy Court shall enter an order approving the sale of the Property (or any portion thereof) to an entity or entities submitting a Competing Bid, subject to the procedures and limitations set forth in the Bidding Procedures Order and subject to Purchaser's right to payment of the Break-Up Fee in accordance with the provisions of Section 9.1.

4.5 Procedure Upon Termination. In the event of termination by Purchaser or Seller, or both, pursuant to Section 4.4 hereof or as otherwise expressly provided in this Agreement, written notice thereof shall forthwith be given to the other party or parties, and this Agreement shall terminate, and the purchase of the Property hereunder shall be abandoned, without further action by Purchaser or Seller. If this Agreement is terminated as provided herein each party shall redeliver all documents, work papers and other material of any other party relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, to the party furnishing the same.

4.6 Effect of Termination.

(a) In the event that this Agreement is validly terminated as provided herein, then each of the parties shall be relieved of its duties and obligations arising under this Agreement after the date of such termination, and such termination shall be without liability to Purchaser or Seller; provided, however, that the obligations of the parties set forth in Section 9.1 and Article XV hereof shall survive any such termination and shall be enforceable hereunder.

(b) Nothing in this Section 4.6 shall relieve Purchaser or Seller of any liability for a breach of this Agreement prior to the date of termination, provided that Seller's liability hereunder for any and all such breaches shall be capped at an amount equal to Purchaser's reasonable out-of-pocket expenses up to an aggregate amount of \$200,000.

(c) The Confidentiality Agreement shall survive any termination of this Agreement, and nothing in this Section 4.6 shall relieve Purchaser or Seller of its obligations under the Confidentiality Agreement.

ARTICLE V

TITLE MATTERS

5.1 Title Report and Survey.

(a) Purchaser hereby acknowledges receipt of the Title Report issued by the Title Company for the Real Property and legible copies of the Title Documents with respect thereto.

(b) Purchaser hereby acknowledges that Seller does not have a survey of the Property to provide to Purchaser.

5.2 Title Insurance. At the Closing, Title Company shall issue to Purchaser an ALTA Owner's Form title insurance policy, in the form that is customary in the State where said Project is located (collectively, the "Owner's Title Policy"), in the amount of the Purchase Price allocated to such Project, insuring that fee simple title to the Real Property is vested in Purchaser, subject only to the Permitted Exceptions. Purchaser shall be entitled to request that the Title Company provide such other endorsements or amendments to the Owner's Title Policy and survey, if any, as Purchaser may reasonably require, provided, that (a) such endorsements or amendments shall be at no cost to, and shall impose no additional liability on, Seller, and (b) Purchaser's obligations under this Agreement shall not be conditioned upon Purchaser's ability to obtain such endorsements or amendments and, if Purchaser is unable to obtain such endorsements or amendments, Purchaser shall nevertheless be obligated to proceed to close the Transaction without reduction of or setoff against the Purchase Price, and (c) the Closing shall not be delayed as a result of Purchaser's request.

ARTICLE VI

ADJUSTMENTS AND PRORATIONS

6.1 The following adjustments and prorations shall be made at Closing:

(a) Revenues. Revenues from Property operations (other than pre-paid installments or other revenues under Contracts that are not Assumed Contracts (which shall be the sole property of Seller)) that are actually collected shall be prorated between Purchaser and Seller as of 12:01 a.m. (California time) on the Closing Date. Seller shall be entitled to all such revenues attributable to any period to but not including the Closing Date, and Purchaser shall be entitled to all such revenues attributable to any period on and after the Closing Date. Seller shall not, after Closing, bring any action (including any lawsuit, mediation, arbitration or any other proceeding) against any party to any Assumed Contract with respect to any revenue that may be due or payable to Seller thereunder, such covenant of Seller to survive the Closing and not be merged therein.

(b) Proration of Ad Valorem Taxes. *Ad valorem* Property Taxes for the Property shall be prorated based on the tax bill for the then-current year (or, the most current tax information available as of the Closing Date) taking into account the maximum discount as of the Closing Date for early payment as of 12:01 A.M. (California time) on the Closing Date, so that credits and charges for all days preceding the Closing Date (including any supplemental Property Taxes relating to the period prior to the Closing Date) shall be allocated to Seller and credits (including any pre-paid taxes for the 2009-2010 tax year) and charges for all days from and after the Closing Date shall be allocated to Purchaser.

(c) Special Assessments. Seller shall pay all installments of assessments and special assessments, including without limitation any assessments or special assessments imposed by the homeowner's association, if any, due and payable prior to the Closing Date, and Purchaser shall pay all installments of such assessments and special assessments due and payable on and after the Closing Date; provided, however, that (a) if the owner of the Property has the election to pay any special assessment either immediately or under a payment plan with interest, Seller may elect prior to Closing to pay under a payment plan, which election shall be

binding on Purchaser; (b) Seller shall not be required by the foregoing to pay any installments of special assessments that were not due and payable prior to the Closing Date; and (c) to the extent that any special assessment is otherwise not due and payable prior to the Closing Date, but is payable upon the conveyance of the Property, the Purchaser shall be solely responsible for the payment thereof on the Closing Date. From and after the date hereof, Seller shall not make any election with respect to special assessments without Purchaser's consent, which consent shall not be unreasonably withheld, conditioned or delayed.

(d) Other Property Operating Expenses. Operating expenses for the Property shall be prorated as of 12:01 a.m. on the Closing Date. Seller shall pay all utility charges and other operating expenses attributable to the Property to, but not including the Closing Date and Purchaser shall pay all utility charges and other operating expenses attributable to the Property on or after the Closing Date. To the extent that the amount of actual consumption of any utility services is not determined prior to the Closing Date, a proration shall be made at Closing based on the last available reading, and post-closing adjustments between Purchaser and Seller shall be made within twenty (20) days of the date that actual consumption for such pre-closing period is determined, which obligation shall survive the Closing and not be merged therein. Seller shall not assign to Purchaser any deposits that Seller has with any of the utility services or companies servicing the Property. Purchaser shall arrange with such services and companies to have accounts opened in Purchaser's name beginning at 12:01 a.m. on the Closing Date.

(e) Closing Costs. Seller shall pay for the following costs and expenses associated with the Transaction: (a) fifty percent (50%) of all premiums and charges of the Title Company for the Title Report and the Owner's Title Policy (but excluding any endorsement thereto), (b) recording costs on the deeds conveying the Property to Purchaser, (c) fifty percent (50%) of any Transfer Taxes and (d) fifty percent (50%) of the Escrow Agent's Fees. Purchaser shall pay for the following costs and expenses associated with the Transaction: (a) fifty percent (50%) of all premiums and charges of the Title Company for the Title Report and the Owner's Title Policy, (b) all charges of the Title Company for any endorsements to the Owner's Title Policy, (c) fifty percent (50%) of any Transfer Taxes, (d) fifty percent (50%) of the Escrow Agent's fees and (e) the cost of any survey, geotechnical report, environmental report or any other report or study contracted for and obtained by Purchaser. Purchaser and Seller shall each pay the legal fees of their respective attorneys. The Purchaser shall be responsible for any broker's fees or commissions payable to Persons listed on Schedule 7.7 (other than Lazard Frères & Co., LLC) and/or engaged by Purchaser in connection with the Transaction. The obligations of the parties under this Section 7.1(e) shall survive the Closing (and not be merged therein) or any earlier termination of this Agreement.

(f) Apportionment Credit. In the event the apportionments to be made at the Closing result in a credit balance (a) to Purchaser, such sum shall be paid at the Closing by giving Purchaser a credit against the Purchase Price in the amount of such credit balance, or (b) to Seller, Purchaser shall pay the amount thereof to Seller at the Closing by wire transfer of immediately available funds to the account or accounts to be designated by Seller for the payment of the Purchase Price.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser that:

7.1 Organization, Good Standing, and Bankruptcy Case. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted. Seller is duly qualified or authorized to do business as a foreign corporation and is in good standing under the laws of each jurisdiction in which it owns real property. Seller is a debtor in, and debtor in possession of all of the Property pursuant to, the Bankruptcy Case.

7.2 Authorization of Agreement. Except for such authorization as is required by the Bankruptcy Court (as hereinafter provided for), Seller has all requisite power, authority and legal capacity to execute and deliver this Agreement, and Seller has all requisite power, authority and legal capacity to execute and deliver each other agreement, document, or instrument or certificate contemplated by this Agreement or to be executed by Seller in connection with the consummation of the transactions contemplated by this Agreement (the "Seller Documents"), to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Seller Documents and, subject to the entry of the Sale Order, the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite limited liability company action on the part of Seller. This Agreement has been, and each of the Seller Documents will be at or prior to the Closing, duly and validly executed and delivered by Seller and (assuming the due authorization, execution and delivery by the other parties hereto and thereto, the entry of the Sale Order, and, with respect to Seller's obligations under Section 9.1, the entry of the Bidding Procedures Order) this Agreement constitutes, and each of the Seller Documents when so executed and delivered will constitute, legal, valid and binding obligations of Seller enforceable against Seller in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity). None of the execution and delivery by Seller of this Agreement or the Seller Documents, the consummation of the transactions contemplated hereby or thereby, or compliance by Seller with any of the provisions hereof or thereof will conflict with, or result in any violation of or default under, or give rise to a right of termination or cancellation under any provision of (i) the organizational documents of Seller, (ii) subject to entry of the Sale Order, any Assumed Contract, (iii) subject to entry of the Sale Order, any order of any Governmental Body applicable to Seller or any portion of the Property, or (iv) subject to entry of the Sale Order, any applicable Law, other than in the cases of (ii), (iii) and (iv), such conflicts, violations, defaults, terminations or cancellations that do not have a material adverse effect on the Property.

7.3 Conflicts; Consents of Third Parties. No consent, waiver, approval, Order, or authorization of, or declaration or filing with, or notification to, any Person or Governmental

Body is required on the part of Seller in connection with the execution and delivery of this Agreement or the Seller Documents, the compliance by Seller with any of the provisions hereof or thereof, the consummation of the transactions contemplated hereby or thereby or the taking by Seller of any other action contemplated hereby or thereby, except for (i) the entry of the Sale Order, (ii) the entry of the Bidding Procedures Order with respect to Seller's obligations under Section 9.1, and (iii) such other consents, waivers, approvals, Orders, authorizations, declarations, filings and notifications, the failure of which to obtain or make do not have and would not have a material adverse effect on the Property. Seller shall obtain any third party consents and/or Bankruptcy Court orders required in order for the Assumed Contracts to be assigned to, and assumed by, Purchaser.

7.4 Compliance with Laws. Seller has not received any written notice of or been charged with the violation of any Laws, except where such violation would not have a material adverse effect on the Property.

7.5 No Condemnation or Other Legal Proceedings. To Seller's knowledge, (i) there are no existing, pending or threatened condemnation proceedings or deeds in lieu of condemnation affecting any Project, and (ii) except for the Bankruptcy Case and as set forth on Schedule 7.5, there are no Legal Proceedings or any other proceedings (including without limitation arbitration, mediation and judicial reference) pending or threatened that affect the Property or any material portion thereof or that could affect Seller's ability to consummate the transactions contemplated by this Agreement.

7.6 Environmental Matters. Except as set forth on Schedule 7.6 hereto or in each case as would not have a material adverse effect on the Property or any material portion thereof, Seller has not received, from any governmental authority or regulatory agency, any written notice alleging a material violation of any law, rule, regulation or order that has not been cured prior to the date hereof, relating to environmental conditions by reason of the presence of hazardous substances or materials (as such terms are presently used under applicable environmental laws, rules and regulations) at any of the Projects and Seller has no actual knowledge of any such uncured violation. The representations and warranties contained in this Section 7.6 are the sole and exclusive representations and warranties of Seller pertaining or relating to any environmental, health or safety matters, including any arising under any Environmental Laws. Seller shall not be deemed to have made, and Purchaser acknowledges it has not relied upon, any other representations, warranties, or statements of fact relating to environmental, health or safety matters, regardless of whether such information might be within Seller's knowledge.

7.7 Financial Advisors. Except as set forth on Schedule 7.7, no Person has acted, directly or indirectly, as a broker, finder or financial advisor for Seller in connection with the transactions contemplated by this Agreement, and no Person is entitled to any fee or commission or like payment from Purchaser in respect thereof.

7.8 Contracts. To Seller's knowledge, the copies of the Assumed Contracts made available to Purchaser with the Property Documents are true, correct and complete copies of all such Assumed Contracts and all Assumed Contracts are in full force and effect. On or prior to

the Closing Date, all pre-Closing defaults under the Assumed Contracts shall have been cured by Seller or otherwise eliminated by Seller or the Bankruptcy Court.

7.9 Community Facility and Other Special Assessment Districts. Except as disclosed by the Title Report, no portion of the Property is, to Seller's knowledge, within any existing community facility district or similar assessment district for which any special assessments or Taxes may be levied against the Property or any portion thereof and Seller is not in the process of seeking to establish any such community facility district with respect to the Property or any portion thereof.

7.10 Documents. To Seller's knowledge, the Documents are all of the material documents in the possession or control of the Seller or any Affiliate of the Seller or readily available to any of them with respect to the Property and/or Projects (or any material portion thereof). To Seller's knowledge, Seller has made available to Purchaser true, complete and correct copies of each of the Documents on the intralinks data site to which Purchaser has been given complete access to the extent practicable and on or before the Closing Date Seller also has provided to Purchaser compact disks, flash memory or equivalent form of computer memory from which legible copies of all of the Documents will be readily retrievable by Purchaser.

7.11 OCIP Policies. Each of the OCIP Policies with respect to the Property or any portion thereof is and, as of the Closing Date, shall be in full force and effect without any lapse or interruption in coverage since its inception. As of the Closing Date, (i) each of such OCIP Policies shall name the Purchaser as an additional insured, (ii) each of the OCIP Policies shall be assigned to Purchaser or (iii) Seller shall provide Purchaser with reasonable assurances that Purchaser will be protected against any actions, claims, or losses covered by such OCIP Policies and such reasonable assurances are acceptable to Purchaser.

7.12 Bonds; Letters of Credit. Attached hereto as Schedule 7.12 is a true and correct list of all letters of credit, cash collateral, bonds or other security that the Seller has provided to any Governmental Body in connection with the Property.

7.13 Knowledge Defined. Whenever a representation or warranty is made in this Article VII on the basis of the "knowledge" of Seller, or on the basis that Seller has received written notice thereof, such representation or warranty is made: (i) solely on the basis of the actual, as distinguished from implied, imputed or constructive knowledge of the designated person described in (ii) below on the date that such representation or warranty is made, without duty of inquiry or investigation, and (ii) solely on the basis of the knowledge of Jeffrey Lawhon, without attribution to such specific individual of facts and matters otherwise within the personal knowledge of any other former or existing affiliates, agents or employees of Seller or any third parties.

7.14 Punch List Items. No later than five (5) Business Days prior to the Closing Date, Seller shall provide to Purchaser for Purchaser's review and approval a complete list of all work to be performed in order to complete the Projects in accordance with the final plans for the Projects (including all change orders thereto that were entered into before the Effective Date and those change orders approved by Purchaser after the Effective Date) (the "Punch List"). On the Closing Date, the mutually approved amount to complete the work on the Punch List, together

with the amount of any retainage under the Assumed Contracts covering the Punch List work shall be deposited into an interest bearing escrow account with the Escrow Agent (the "Punch List Holdback") pursuant to an escrow agreement reasonably acceptable to Seller and Purchaser, which agreement shall provide that Escrow Agent will release the Punch List Holdback from time to time in accordance with the provisions of the escrow agreement and the Assumed Contracts covering the Punch List work. Any funds remaining in the Punch List Holdback shall be released to Seller following completion of the Punch List work and receipt of final lien waivers and evidence of payment in full of all sums due under the Assumed Contracts covering the Punch List work. Following the Closing, Seller shall use its commercially reasonable, good faith efforts to promptly complete the work shown on the Punch List.

7.15 No Other Representations or Warranties; Schedules. Except for the representations and warranties contained in this Article VII (as modified by the Schedules hereto), neither Seller nor any other Person makes any other express or implied representation or warranty with respect to Seller, the Property, the Assumed Liabilities or the transactions contemplated by this Agreement, and Seller disclaims any other representations or warranties, whether made by Seller, any Affiliate of Seller or any of their respective officers, directors, employees, agents or representatives. Except for the representations and warranties contained in Article VII hereof (as modified by the Schedules hereto), Seller (i) expressly disclaims and negates any representation or warranty, expressed or implied, at common law, by statute, or otherwise, relating to the condition of the Property (including any implied or expressed warranty of merchantability or fitness for a particular purpose, or of conformity to models or samples of materials) and (ii) disclaims all liability and responsibility for any representation, warranty, projection, forecast, statement, or information made, communicated, or furnished (orally or in writing) to Purchaser or its Affiliates or representatives (including any opinion, information, projection, or advice that may have been or may be provided to Purchaser by any director, officer, employee, agent, consultant, or representative of Seller or any of its Affiliates). The disclosure of any matter or item in any schedule hereto shall not be deemed to constitute an acknowledgment that any such matter is required to be disclosed or is material.

ARTICLE VIII

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller that:

8.1 Organization and Good Standing. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted.

8.2 Authorization of Agreement. Purchaser has all requisite power and authority to execute and deliver this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement or to be executed by Purchaser in connection with the consummation of the transactions contemplated hereby and thereby (the "Purchaser Documents"), and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Purchaser of this Agreement and each Purchaser

Document have been duly authorized by all necessary limited liability company action on the part of Purchaser. This Agreement has been, and each Purchaser Document will be at or prior to the Closing, duly executed and delivered by Purchaser and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and each Purchaser Document when so executed and delivered will constitute, the legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

8.3 Conflicts; Consents of Third Parties.

(a) None of the execution and delivery by Purchaser of this Agreement or the Purchaser Documents, the consummation of the transactions contemplated hereby or thereby, or the compliance by Purchaser with any of the provisions hereof or thereof will conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination or cancellation under any provision of (i) the articles of organization and operating agreement of Purchaser, (ii) any Contract to which Purchaser is a party or by which Purchaser or its properties or assets are bound or (iii) any Order of any Governmental Body applicable to Purchaser or by which any of the properties or assets of Purchaser are bound or (iv) any applicable Law.

(b) No consent, waiver, approval, Order or authorization of, or declaration or filing with, or notification to, any Person or Governmental Body is required on the part of Purchaser in connection with the execution and delivery of this Agreement or the Purchaser Documents, the compliance by Purchaser with any of the provisions hereof or thereof, the consummation of the transactions contemplated hereby or thereby or the taking by Purchaser of any other action contemplated hereby or thereby.

8.4 Litigation. To Purchaser's knowledge, there are no Legal Proceedings pending or, to the knowledge of Purchaser, threatened against Purchaser, or to which Purchaser is otherwise a party before any Governmental Body, which, if adversely determined, would reasonably be expected to have a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement or to consummate the transactions hereby. Purchaser is not subject to any Order of any Governmental Body except to the extent the same would not reasonably be expected to have a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement or to consummate the transactions contemplated hereby.

8.5 Financial Advisors. No Person has acted, directly or indirectly, as a broker, finder or financial advisor for Purchaser in connection with the transactions contemplated by this Agreement and no Person is entitled to any fee or commission or like payment in respect thereof.

8.6 Financial Capability. Purchaser (i) has, and at the Closing will have, sufficient internal funds (without giving effect to any unfunded financing regardless of whether any such financing is committed) available to pay the Purchase Price and any expenses incurred by

Purchaser in connection with the transactions contemplated by this Agreement, (ii) has, and at the Closing will have, the resources and capabilities (financial or otherwise) to perform its obligations hereunder, and (iii) has not incurred any obligation, commitment, restriction or Liability of any kind, which would impair or adversely affect such resources and capabilities.

8.7 Non-Collusion. This Agreement was negotiated, proposed and entered into by the parties, without collusion with any other party, in good faith, and on an arm's length basis.

8.8 Condition of the Property.

(a) Notwithstanding anything contained in this Agreement to the contrary, Purchaser acknowledges and agrees that neither Seller nor any agents, representatives or employees of the Seller, are making any, direct or indirect, oral or written, representations or warranties whatsoever, express or implied, beyond those expressly given by Seller in Article VII hereof (as modified by the Schedules hereto as supplemented or amended in accordance with the terms of this Agreement), and Purchaser acknowledges and agrees that, except for the express representations and warranties given by Seller in Article VII hereof (as modified by the Schedules hereto as supplemented or amended in accordance with the terms of this Agreement), the Property is being transferred on a "WHERE IS" and, as to condition, "AS IS" basis, WITH ALL FAULTS, IF ANY, AND WITHOUT ANY WARRANTY, EXPRESS OR IMPLIED. Any claims Purchaser may have for breach of representation or warranty shall be based solely on the representations and warranties of Seller set forth in Article VII hereof (as modified by the Schedules hereto as supplemented or amended in accordance with the terms of this Agreement). Purchaser further represents that neither Seller nor any of its Affiliates nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding Seller, the Property or the transactions contemplated by this Agreement not expressly set forth in this Agreement, and none of Seller, any of its Affiliates or any other Person will have or be subject to any liability to Purchaser or any other Person resulting from the distribution to Purchaser or its representatives or Purchaser's use of, any such information, including any confidential memoranda distributed on behalf of Seller relating to the Property or other publications or data room information provided to Purchaser or its representatives, or any other document or information in any form provided to Purchaser or its representatives in connection with the sale of the Property and the transactions contemplated hereby. Purchaser acknowledges that it has conducted to its satisfaction, its own independent investigation of the Property and, in making the determination to proceed with the transactions contemplated by this Agreement, Purchaser has relied on the results of its own independent investigation.

(b) Except as expressly provided hereinbelow in this subsection (b), Purchaser, for Purchaser and Purchaser's successors and assigns, hereby releases Seller and each of the other Seller Parties from, and waives all claims and liability against Seller and each of the other Seller Parties for or attributable to, the following:

(i) any and all statements or opinions heretofore or hereafter made, or information furnished, by the Seller Parties to Purchaser or any of Purchaser's Affiliates or any of their respective affiliates, directors, trustees, members, managers, employees, advisers, agents, consultants and representatives; and

(ii) any and all losses, costs, claims, liabilities, expenses, demands or obligations of any kind or nature whatsoever attributable to the Property, arising or accruing, on or after the Closing Date and whether attributable to events or circumstances which have heretofore or may hereafter occur, including, without limitation, all losses, costs, claims, liabilities, expenses, demands and obligations with respect to the structural, physical, or environmental condition of the Property;

provided, however, that the release and waiver set forth in this subsection (b) is not intended and shall not be construed to affect or impair any rights or remedies that Purchaser may have against Seller as a result of a breach of any of Seller's representations, warranties or covenants expressly set forth in this Agreement.

(c) Purchaser acknowledges and agrees that the provisions of this Section 8.8 were a material factor in Seller's acceptance of the Purchase Price and that while Seller has provided the Documents and cooperated with Purchaser, Seller is unwilling to sell the Property unless Seller and the other Seller Parties are expressly released as set forth in Section 8.8(b).

ARTICLE IX

BANKRUPTCY COURT MATTERS

9.1 Approval of Break-Up Fee. In consideration for Purchaser having expended considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of assets of Seller, if Seller accepts a Competing Bid for the Property (as hereinafter defined) and (ii) as long as the Purchaser is not the Next Highest Bidder (as defined in the Bidding Procedures Order), then within one Business Day following acceptance of the Competing Bid Seller shall (i) pay Purchaser a break-up fee in an amount equal to One Million Five Hundred and No/100 (\$1,500,000.00) (the "Break-Up Fee") and (ii) cause the Escrow Agent to return to Purchaser all of the Escrowed Funds if no material breach by Purchaser of this Agreement has occurred and remains uncured. Seller shall file with and seek the Break-Up Fee in accordance with the terms of the Bidding Procedures Order. In the event that Seller accepts a Competing Bid, but Purchaser is the Next Highest Bidder, then the Break-Up Fee and Escrowed Funds shall be paid to Purchaser on the earlier of (a) the consummation of the sale of the Property pursuant to the Competing Bid, or (b) the date that is sixty (60) days after entry of the Sale Order.

9.2 Competing Transaction. This Agreement is subject to approval by the Bankruptcy Court and the consideration by Seller of higher or better competing bids (each a "Competing Bid"). From the date hereof (and any prior time) and until the Bid Deadline (as that term is defined in the Bidding Procedure Order), Seller is permitted to cause its representatives and Affiliates to initiate contact with, solicit or encourage submission of any inquiries, proposals or offers by, any Person (in addition to Purchaser and its Affiliates, agents and representatives) in connection with any sale or other disposition of the Property. In addition, Seller shall have the responsibility and obligation to respond to any inquiries or offers to purchase all or any part of the Property and perform any and all other acts related thereto which are required under the Bankruptcy Code or other applicable law, including, without limitation, supplying information

relating to the Property and the assets of Seller to prospective purchasers. The parties hereby agree that Seller shall have the right, in its sole and absolute discretion, to accept a competing Bid for all of the Projects as a whole or each individual Project as a stand alone; provided, however, that in the event that the Seller elects to sell any Project as a stand alone to a competing bidder, then unless Purchaser otherwise agrees in writing this Agreement shall terminate as to all of the Projects. Purchaser shall not be required to purchase the other Projects and Seller shall cause Escrow Agent to return to Purchaser all of the Escrowed Funds and pay Purchaser the Break-Up Fee in accordance with Section 9.1.

9.3 Bankruptcy Court Filings. Not less than 20 days prior to the date scheduled for the Auction, Seller shall serve copies of the Auction Notice, the Bidding Procedures and a copy of this Agreement (collectively, the "Bankruptcy Submittals") upon the Auction Notice Parties as required by the Bidding Procedures Order. In the event that one or more of the Auction Notice Parties object to the Bankruptcy Submittals, or any of them, Seller shall diligently seek Bankruptcy Court approval of the Bankruptcy Submittals at the next available hearing date, and in no event shall Seller conduct the Auction until all objections to the Bankruptcy Submittals have been resolved and the transaction contemplated by this Agreement has been approved by the Bankruptcy Court. If there are no Competing Bids or if Purchaser is the Successful Bidder at the Auction, Seller will promptly file the Sale Motion seeking the entry of the Sale Order. Purchaser agrees that it will promptly take such actions as are reasonably requested by Seller to assist in obtaining entry of the Sale Order and a finding of adequate assurance of future performance by Purchaser, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for the purposes, among others, of providing necessary assurances of performance by Purchaser under this Agreement and demonstrating that Purchaser is a "good faith" purchaser under Section 363(m) of the Bankruptcy Code. So long as Seller is diligently pursuing entry of a Sale Order, Purchaser shall not, without the prior written consent of Seller, file, join in, or otherwise support in any manner whatsoever any motion or other pleading relating to the sale of the Property hereunder. In the event the entry of the Sale Order shall be appealed, Seller and Purchaser shall use their respective reasonable efforts to defend such appeal.

ARTICLE X

COVENANTS

10.1 Maintenance of the Property Pending the Closing.

(a) Prior to the Closing, except (1) as required by applicable Law, (2) as otherwise expressly contemplated by this Agreement or (3) with the prior written consent of Purchaser (which consent Purchaser may grant or withheld in Purchaser's sole discretion), Seller shall:

(i) operate the Projects in the Ordinary Course of Business, except to the extent that the failure to operate the Projects in the Ordinary Course of Business will not have a material adverse effect on the value or use of the Property;

(ii) use its commercially reasonable efforts to maintain and keep the Property in its current condition (except for such work as is necessary or appropriate to achieve Substantial Completion) in a manner consistent with Seller's past practices with respect to the Property; provided, however, Purchaser hereby agrees that it shall accept the Property subject to, and Seller shall have no obligation to cure, (a) any violations of Laws, and (b) any physical conditions that would give rise to such violations, that exist as of the Effective Date; and

(iii) Seller shall terminate and satisfy all obligations of owner under Seller's property management agreement no later than the Closing Date, provided, that Seller and Seller's property manager shall have the right to remove all of their proprietary software and licensed software from computers at the Property but not any data regarding the Property or operation thereof reasonably required by Purchaser for ongoing operations of the Property.

(b) Except (1) as required by applicable Law, (2) as otherwise contemplated by this Agreement or (3) with the prior written consent of Purchaser (which consent Purchaser may grant or withheld in Purchaser's sole discretion), Seller shall not:

(i) extend, renew, replace or modify any Contract that would be binding upon the Purchaser after the Closing unless such contract (as so extended, renewed, replaced or modified) can be terminated by the owner of the Property without penalty on not more than thirty (30) days' advance notice;

(ii) subject any of the Property to any Lien, except for Permitted Exceptions;

(iii) sell, assign, license, transfer, convey, lease or otherwise dispose of any of the Property (except immaterial portions thereof pursuant to an existing Contract for fair consideration in the Ordinary Course of Business or for the purpose of disposing of obsolete or worthless assets); or

(iv) agree to do anything prohibited by this Section 10.1.

10.2 Consents. Seller shall use its commercially reasonable efforts at Seller's sole cost and expense, and Purchaser shall cooperate with Seller, to obtain at the earliest practicable date all consents and approvals required to consummate the transactions contemplated by this Agreement, including, without limitation, the consents and approvals referred to in Section 7.3 hereof; provided, however, that Seller shall not be obligated to pay any consideration therefor to any third party from whom consent or approval is requested or to initiate any litigation or legal proceedings to obtain any such consent or approval. Seller also shall use its commercially reasonable efforts at Seller's sole cost and expense to obtain the Bankruptcy Court's approval of the Sale Order in accordance with the terms of the Bidding Procedures Order.

10.3 Further Assurances. Each of Seller and Purchaser shall use its commercially reasonable efforts to (i) take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement and (ii) cause the fulfillment at the earliest practicable date of

all of the conditions to their respective obligations to consummate the transactions contemplated by this Agreement.

10.4 Confidentiality. Purchaser acknowledges that the Confidential Information provided to it in connection with this Agreement and the consummation of the transactions contemplated hereby, is subject to the terms of the confidentiality agreement between CIM Group, Inc., an Affiliate of Purchaser, and Seller dated November 17, 2008 (the "Confidentiality Agreement"), the terms of which are incorporated herein by reference. Effective upon, and only upon, the Closing Date, the Confidentiality Agreement shall terminate with respect to information relating solely to the Property; provided, however, that Purchaser acknowledges that any and all other Confidential Information provided to it by Seller or its representatives concerning Seller and any of its respective assets or property other than the Property shall remain subject to the terms and conditions of the Confidentiality Agreement after the Closing Date. For purposes of this Section 10.4, "Confidential Information" shall mean any confidential information with respect to, including, methods of operation, customers, customer lists, products, prices, fees, costs, technology, inventions, trade secrets, know-how, software, marketing methods, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters.

10.5 Preservation of Records. Seller and Purchaser agree that each of them shall preserve and keep the records held by it or their Affiliates relating to the Property for a period of ten (10) years from the Closing Date and shall make such records and personnel available to the other as may be reasonably required by such party in connection with, among other things, any insurance claims by, Legal Proceedings or tax audits against or governmental investigations of Seller or Purchaser or any of their Affiliates or in order to enable Seller or Purchaser to comply with their respective obligations under this Agreement and each other agreement, document or instrument contemplated hereby or thereby. In the event Seller or Purchaser wishes to destroy such records before or after that time, such party shall first give ninety (90) days' prior written notice to the other and such other party shall have the right at its option and expense, upon prior written notice given to such party within such ninety (90) day period, to take possession of the records within one hundred and eighty (180) days after the date of such notice.

10.6 Publicity. Neither Seller nor Purchaser shall issue any press release or public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other party hereto, which approval will not be unreasonably withheld or delayed, unless, in the sole judgment of Purchaser or Seller, disclosure is otherwise required by applicable Law or by the Bankruptcy Court with respect to filings to be made with the Bankruptcy Court in connection with this Agreement or by the applicable rules of any stock exchange on which Purchaser lists securities, provided, that the party intending to make such release shall use its best efforts consistent with such applicable Law or Bankruptcy Court requirement to consult with the other party with respect to the text thereof.

10.7 Use of Name. Purchaser agrees that it shall (i) as soon as practicable after the Closing Date and in any event within ninety (90) days following the Closing Date, cease to make any use of the name "LandSource" or any service marks, trademarks, trade names, identifying symbols, logos, emblems, signs or insignia related thereto or containing or comprising the foregoing, including any name or mark confusingly similar thereto (collectively, other than the

name "Pier Pointe", the "Seller Marks", and (ii) immediately after the Closing, cease to hold itself out as having any affiliation with Seller or any of its Affiliates. In furtherance thereof, as promptly as practicable but in no event later than ninety (90) days following the Closing Date, Purchaser shall remove, strike over or otherwise obliterate all Seller Marks from all materials including, without limitation, any vehicles, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, computer software and other materials. As promptly as practicable but in no event later than ninety (90) days following the Closing Date, Seller shall cease using the name "Pier Pointe" and such obligation of Seller shall survive the Closing are not merged into the Deed.

10.8 Supplementation and Amendment of Schedules. Seller may, at its option, include in the Schedules items that are not material in order to avoid any misunderstanding, and such inclusion, or any references to dollar amounts, shall not be deemed to be an acknowledgment or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of this Agreement. Information disclosed in the Schedules shall constitute a disclosure for all purposes under this Agreement notwithstanding any reference to a specific section, and all such information shall be deemed to qualify the entire Agreement and not just such section. From time to time prior to the Closing, Seller shall have the right to supplement or amend the Schedules with respect to any matter hereafter arising or discovered after the delivery of the Schedules pursuant to this Agreement. No such supplement or amendment shall have any effect on the satisfaction of the conditions to Closing set forth in Section 11.1(a), unless such supplement or amendment (alone or in the aggregate) has a material adverse affect on the use, and/or value of the Property, in which event Purchaser shall have the right to either (i) terminate this Agreement upon notice given to Seller within five (5) Business Days after Purchaser receives written notice of such amendment or supplement, in which case Purchaser shall be entitled to a return of its Escrowed Funds and Purchaser and Seller will be released from any and all liability hereunder, other than with respect to those representations, warranties and/or indemnities which expressly survive termination of this Agreement, or (ii) waive the foregoing right of termination and close, in which case, then Purchaser shall be deemed to have waived any right or claim pursuant to the terms of this Agreement or otherwise, including pursuant to Article XIII hereof, with respect to any and all matters disclosed pursuant to any such supplement or amendment at or prior to Closing. Notwithstanding the foregoing, nothing in this Section 10.8 shall release Seller from any liability expressly provided in this Agreement if any of Seller's representations or warranties were untrue when made or become untrue due to the fault of Seller.

ARTICLE XI

CONDITIONS TO CLOSING

11.1 Conditions Precedent to Obligations of Purchaser. The obligation of Purchaser to consummate the transactions contemplated by this Agreement is subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Purchaser in whole or in part to the extent permitted by applicable Law):

(a) the representations and warranties of Seller set forth in this Agreement shall be true and correct as of the date hereof and as of the Closing, except to the extent such

representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct on and as of such earlier date); provided, however, that in the event of a breach of a representation or warranty, the condition set forth in this Section 11.1(a) shall be deemed satisfied unless the effect of all such breaches of representations and warranties taken together result in a material adverse effect on the use and/or value of the Property or any portion thereof, and Purchaser shall have received a certificate signed by an authorized officer of Seller, dated the Closing Date, to the foregoing effect;

(b) Seller shall have performed and complied in all respects with all obligations and agreements required in this Agreement to be performed or complied with by it prior to the Closing Date, and Purchaser shall have received a certificate signed by an authorized officer of Seller, dated the Closing Date, to the foregoing effect;

(c) the Title Company shall be unconditionally and irrevocably committed to issue, upon payment of the title premium therefor, the Owner's Title Policy for each of the Projects in the amount of the Purchase Price allocated to such Project in accordance with the Title Report subject only to the Permitted Exceptions;

(d) with respect to any mortgages, monetary liens, or security interests encumbering any Project at Closing, the Sale Order shall provide that the Project is being conveyed to Purchaser free and clear of such mortgages, monetary liens, and security interests pursuant to Section 363(f) of the Bankruptcy Code, and Seller shall have no other obligation to deliver to the Title Company any satisfaction of mortgage, financing statement termination or other document terminating any such mortgages or security interests;

(e) Substantial Completion shall have occurred with respect to the Tower Project;

(f) Seller shall have delivered, or caused to be delivered, to Purchaser all of the items set forth in Section 4.2;

(g) All Permits, licenses, certificates of occupancy and similar documents previously issued with respect to the Property or any portion thereof shall be and remain in full force and effect and on the Closing Date no violation shall have occurred and remain uncured;

(h) Each of the OCIP Policies with respect to the Property or any portion thereof and each of the other Assumed Contracts shall be in full force and effect (without in the case of the OCIP Policies) any lapse or interruption in coverage. Each of the Assumed Contracts shall be assignable to Purchaser. Each of such OCIP Policies shall (i) add the Purchaser as an additional insured, (ii) be assigned to Purchaser or Seller shall otherwise provide reasonable assurances to Purchaser that Purchaser shall be protected against any claims, actions or losses otherwise covered by such OCIP Policies and such assurances are reasonably acceptable to Purchaser;

(i) The final map for the Property (Tract No. 61505) in the form provided as part of the Property Documents shall have been recorded in the Official Records of Los Angeles County; and

(j) Purchaser shall have received any reports issued prior to the Auction by the following consultants (the "Consultants"): (i) LaJolla Pacific of California, LTD; (ii) Leighton and Associated, Inc., (iii) Carlin Environmental Consulting, Inc. and (iv) VSA n Associates. In the event that such reports identify construction deficiencies, Purchaser must notify the Seller of its objection to such deficiencies promptly upon receipt of any such report, but in no event later than five (5) Business Days after Purchaser's receipt of such report, and upon receipt of such notice Seller shall have the right, in its sole and absolute discretion, to (a) include such construction deficiencies in the Punch List to be performed by Seller pursuant to Section 7.14, or (b) give the Purchaser a credit against the Purchase Price in an amount equal to the estimate of the cost of correcting such construction deficiencies. In addition, in the event the report indicates that the estimated costs of the construction deficiencies exceed \$1,500,000 in the aggregate, Seller may elect to terminate this Agreement. In the event Seller has elected to terminate as set forth in the previous sentence, then Purchaser shall have the right to elect to proceed to close by providing written notice to Seller within five (5) days following Seller's election provided that Purchaser agrees to a reduction in the Purchase Price not to exceed \$1,500,000 irrespective of the estimate of the costs of the construction deficiencies. Upon a termination of this Agreement as set forth above, the Escrowed Funds will be returned to Purchaser and the parties will have no further rights or obligations under this Agreement, except for those rights and obligations that expressly survive the termination of this Agreement.

11.2 Conditions Precedent to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Seller in whole or in part to the extent permitted by applicable Law):

(a) the representations and warranties of Purchaser set forth in this Agreement qualified as to materiality shall be true and correct, and those not so qualified shall be true and correct in all material respects, at and as of the Closing Date as though made on the Closing Date, except to the extent such representations and warranties relate to an earlier date (in which case such representations and warranties qualified as to materiality shall be true and correct, and those not so qualified shall be true and correct in all material respects, on and as of such earlier date), and Seller shall have received a certificate signed by an authorized officer of Purchaser, dated the Closing Date, to the foregoing effect;

(b) Purchaser shall have performed and complied in all respects with all obligations and agreements required by this Agreement to be performed or complied with by Purchaser on or prior to the Closing Date, and Seller shall have received a certificate signed by an authorized officer of Purchaser, dated the Closing Date, to the foregoing effect;

(c) Purchaser shall have delivered, or caused to be delivered, to Seller all of the items set forth in Section 4.3;

(d) Purchaser shall have replaced any letter of credit, cash collateral or other security that the Seller provided to any Governmental Body as security for the payment of the 2008-09 real estate and personal property taxes for the Property in connection with the approval of the final map for the Property as set forth on Schedule 7.12; and

(e) no petition shall have been filed by or against Purchaser under the Bankruptcy Code or any similar State or Federal Law, whether now or hereafter existing.

11.3 Conditions Precedent to Obligations of Purchaser and Seller. The respective obligations of Purchaser and Seller to consummate the transactions contemplated by this Agreement are subject to the fulfillment, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Purchaser and Seller in whole or in part to the extent permitted by applicable Law):

(a) there shall not be in effect any Order by a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby; and

(b) the Bankruptcy Court shall have entered the Sale Order and any stay period applicable to the Sale Order shall have expired or shall have been waived by the Bankruptcy Court.

11.4 Frustration of Closing Conditions. Neither Seller nor Purchaser may rely on the failure of any condition set forth in Section 11.1, 11.2 or 11.3, as the case may be, if such failure was caused by such party's failure to comply with any provision of this Agreement.

11.5 Approvals not a Condition to Purchaser's Performance. Purchaser acknowledges and agrees that its obligation to perform under this Agreement is not contingent upon Purchaser's ability to obtain any (a) governmental or quasi-governmental approval of changes or modifications in use or zoning, or (b) modification of any existing land use restriction, or (c) endorsements to the Owner's Title Policy, or (d) financing for acquisition of the Property.

ARTICLE XII

CONDEMNATION/CASUALTY

12.1 Right to Terminate/Condemnation. If, prior to the Closing Date, all or any significant portion (as hereinafter defined) of the Property is taken by eminent domain (or is the subject of a pending taking in which Seller has been served with legal process, but which has not yet been consummated), Seller shall notify Purchaser in writing of such fact promptly and in all events within five (5) Business Day after obtaining knowledge thereof (but not later than the Closing Date), and, thereafter, either Purchaser or Seller shall have the right to terminate this Agreement in its entirety by giving written notice to the other no later than ten (10) Business Days after the giving of Seller's notice, and the Closing Date shall be extended, if necessary, to provide sufficient time for Purchaser or Seller to make such election. The failure by Purchaser and Seller to so elect in writing to terminate this Agreement within such ten (10) day period shall be deemed an election not to terminate this Agreement. For purposes hereof, a "significant portion" of the Property shall mean any interest in the Property except a de minimis interest the taking of which has no material effect on the use or operation of the Property.

12.2 Assignment of Proceeds/Condemnation. If (a) neither Seller nor Purchaser elects to terminate this Agreement as aforesaid if all or any significant portion of the

Property is taken, or (b) a portion of the Property not constituting a significant portion of the Property is taken or becomes subject to a pending taking by eminent domain, there shall be no abatement of the Purchase Price; provided, however, that, at the Closing, Seller shall pay to Purchaser the amount of any award for or other proceeds on account of such taking which have been actually paid to Seller prior to the Closing Date as a result of such taking (less all costs and expenses, including attorneys' fees and costs, incurred by Seller as of the Closing Date in obtaining payment of such award or proceeds) and, to the extent such award or proceeds have not been paid, Seller shall assign to Purchaser at the Closing (without recourse to Seller) the rights of Seller to, and Purchaser shall be entitled to receive and retain, all awards for the taking of the Property or such portion thereof.

12.3 Casualty. Prior to the Closing Date, and notwithstanding the pendency of this Agreement, the entire risk of loss or damage by earthquake, flood, landslide, fire or other casualty shall be borne and assumed by Seller, except as otherwise provided in this Section 12.3. If, prior to the Closing Date, any part of the Property is damaged or destroyed by earthquake, flood, landslide, fire or other casualty, Seller shall immediately notify Buyer, in writing, of such fact. If such damage or destruction is "material," Purchaser shall have the option to terminate this Agreement upon written notice to Seller given not later than ten (10) days after receipt of Seller's notice. For purposes hereof, "material" shall be deemed to be: (i) any uninsured damage or destruction to the Property (A) where the cost of repair or replacement is estimated to be in excess of One Million and no/100ths Dollars (\$1,000,000.00), unless Seller provides written notice to Purchaser within ten (10) days after the date of such casualty that it intends to repair such damage or destruction and Seller deposits into an escrow account sufficient funds to repair such damage or destruction, in which event, such damage or destruction shall not be deemed "material" under this Section 12.3, or (B) that shall take more than two hundred seventy (270) days to repair, in Purchaser's good faith judgment; or (ii) any insured damage or destruction (A) where the cost of repair or replacement is estimated to be Five Million and no/100ths Dollars (\$5,000,000.00) or more, or (B) that shall take more than two hundred seventy (270) days to repair, in Purchaser's good faith judgment. The cost of repair or replacement under this Section 12.3 shall be determined by Seller's insurance adjuster or, if Seller's insurance adjuster does not provide such figure, shall be determined by an independent third party adjuster, the cost of which shall be split equally by Purchaser and Seller. In the event of a casualty, the Closing Date shall be automatically extended by the number of days required for the adjuster to estimate the amount of such damage, not to exceed thirty (30) days. As used in this Section 12.3 "uninsured" refers to the cost to repair any damage or destruction which: (i) is within the deductible or otherwise not covered by an insurance policy; or (ii) is in excess of existing insurance policy limits. If Purchaser does not exercise this option to terminate this Agreement, Seller shall assign and turn over, and Purchaser shall be entitled to receive and keep, all insurance proceeds payable with respect to such destruction and the Purchase Price shall be reduced by the uninsured portion of the loss. If Purchaser does not elect to terminate this Agreement by reason of any casualty, Purchaser shall have the right to participate in any adjustment of the insurance claim. Notwithstanding the foregoing, Purchaser's right to terminate this Agreement upon material damage or destruction of the Property shall not apply if said damage or destruction is caused by Purchaser or any employee, agent, representative or invitee of Purchaser.

ARTICLE XIII

NO SURVIVAL AND INDEMNIFICATION

13.1 No Survival of Representations and Warranties. The parties hereto agree that the representations and warranties contained in this Agreement shall not survive the Closing hereunder, and none of the parties shall have any liability to each other after the Closing for any breach thereof. The parties hereto agree that the covenants contained in this Agreement to be performed at or after the Closing shall survive the Closing hereunder, and each party hereto shall be liable to the other after the Closing for any breach thereof.

13.2 Indemnification by Purchaser.

(a) Subject to Section 13.3(a) hereof, Purchaser hereby agrees to indemnify and hold Seller and its directors, officers, employees, Affiliates, agents, successors and permitted assigns harmless from and against:

(i) any and all losses, liabilities, obligations, damages, costs and expenses (each, a "Loss") based upon, attributable to or resulting from the breach of any covenant or other agreement on the part of Purchaser under this Agreement to the extent such covenant or agreement expressly survives the Closing;

(ii) any and all Losses based upon or arising directly out of any Assumed Liability;

(iii) any and all Losses based upon or arising directly out of the Property or any portion thereof or Purchaser's operation of the Property after the Closing Date; and

(iv) any and all costs and expenses, including attorneys' and other professionals' fees and disbursements, incident to the foregoing.

(b) Seller shall take and cause its Affiliates to take all reasonable steps to mitigate any Loss upon becoming aware of any event that would reasonably be expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the breach that gives rise to the Loss. The Purchaser hereby agrees that its obligations under this Section 13.3 shall survive the Closing.

13.3 Indemnification Procedures.

(a) In the event that any Legal Proceedings shall be instituted or that any claim or demand shall be asserted by any Person in respect of which payment may be sought under Section 13.2 hereof (an "Indemnification Claim"), the indemnified party shall reasonably and promptly cause written notice of the assertion of any Indemnification Claim of which it has knowledge and which is covered by this indemnity to be forwarded to the Purchaser. Purchaser shall have the right, at its sole option and expense, to be represented by counsel of its choice, which must be reasonably satisfactory to the indemnified party, and to defend against, negotiate, settle or otherwise deal with any Indemnification Claim that relates to any Losses

indemnified against hereunder. If Purchaser elects to defend against, negotiate, settle or otherwise deal with any Indemnification Claim that relates to any Losses indemnified against hereunder, it shall within thirty (30) days (or sooner, if the nature of the Indemnification Claim so requires) notify the indemnified party of its intent to do so. If Purchaser elects not to defend against, negotiate, settle or otherwise deal with any Indemnification Claim that relates to any Losses indemnified against hereunder, the indemnified party may defend against, negotiate, settle or otherwise deal with such Indemnification Claim. If Purchaser shall assume the defense of any Indemnification Claim, the indemnified party may participate, at its own expense, in the defense of such Indemnification Claim; provided, however, that such indemnified party shall be entitled to participate in any such defense with separate counsel at the expense of Purchaser if (i) so requested by Purchaser to participate or (ii) in the reasonable opinion of counsel to the indemnified party a conflict or potential conflict exists between the indemnified party and Purchaser that would make such separate representation advisable; and provided, further, that Purchaser shall not be required to pay for more than one such counsel for all indemnified parties in connection with any Indemnification Claim. The parties hereto agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any such Indemnification Claim. Notwithstanding anything in this Section 13.4 to the contrary, neither Purchaser nor the indemnified party shall, without the written consent of the other, settle or compromise any Indemnification Claim or permit a default or consent to entry of any judgment unless the claimant and such party provide to such other party an unqualified release from all liability in respect of the Indemnification Claim. Notwithstanding the foregoing, if a settlement offer solely for money damages is made by the applicable third party claimant, and Purchaser notifies the indemnified party in writing of Purchaser's willingness to accept the settlement offer and, subject to the applicable limitations of Section 13.44, pay the amount called for by such offer, and the indemnified party declines to accept such offer, the indemnified party may continue to contest such Indemnification Claim, free of any participation by Purchaser, and the amount of any ultimate liability with respect to such Indemnification Claim that Purchaser has an obligation to pay hereunder shall be limited to the lesser of (A) the amount of the settlement offer that the indemnified party declined to accept plus the Losses of the indemnified party relating to such Indemnification Claim through the date of its rejection of the settlement offer or (B) the aggregate Losses of the indemnified party with respect to such Indemnification Claim. If Purchaser makes any payment on any Indemnification Claim, Purchaser shall be subrogated, to the extent of such payment, to all rights and remedies of the indemnified party to any insurance benefits or other claims of the indemnified party with respect to such Indemnification Claim.

(b) After any final decision, judgment or award shall have been rendered by a Governmental Body of competent jurisdiction and the expiration of the time in which to appeal therefrom, or a settlement shall have been consummated, or the indemnified party and Purchaser shall have arrived at a mutually binding agreement with respect to an Indemnification Claim hereunder, the indemnified party shall forward to Purchaser notice of any sums due and owing by Purchaser pursuant to this Agreement with respect to such matter.

13.4 Calculation of Losses.

(a) The amount of any Losses for which indemnification is provided under this Article XIII shall be net of any amounts actually recovered or recoverable by the

indemnified party under insurance policies or otherwise with respect to such Losses (net of any Tax or expenses incurred in connection with such recovery).

(b) If the amount of any Loss for which indemnification is provided under this Article XIII gives rise to a currently realizable Tax benefit (as defined below) to the indemnified party making the Indemnification Claim, then the Indemnification Claim shall be (i) increased to take account of any net Tax cost incurred by the indemnified party arising from the receipt of indemnity payments hereunder (grossed up for such increase) and (ii) reduced to take account of any net Tax benefit realized by the indemnified party arising from the incurrence or payment of any such Loss. To the extent such Indemnification Claim does not give rise to a currently realizable Tax benefit, if the amount with respect to which any Indemnification Claim is made gives rise to a subsequently realized Tax benefit to the indemnified party that made the Indemnification Claim, such indemnified party shall refund to Purchaser the amount of such Tax benefit (with and including any gross-up payment made pursuant to this Section 13.4 with respect to such Tax benefit) when, as and if realized (it being understood that such indemnified party shall use its reasonable efforts to realize such Tax benefit). For purposes of this Section 13.4, a "Tax benefit" means an amount by which the Tax liability of the party (or group of corporations including the party) is actually reduced (including by deduction, reduction of income by virtue of increased tax basis or otherwise, entitlement to refund, credit or otherwise) plus any related interest received from the relevant taxing authority. In computing the amount of any such Tax cost or Tax benefit, the indemnified party shall be deemed to recognize all other items of income, gain, loss, deduction or credit before recognizing any item arising from the receipt of any indemnity payment hereunder or the incurrence or payment of any indemnified Loss. For purposes of this Section 13.4, a Tax benefit is "currently realizable" to the extent that such Tax benefit can be realized in the current taxable period or year or in any tax return with respect thereto (including through a carryback to a prior taxable period) or in any taxable period or year prior to the date of the Indemnification Claim. The amount of any increase, reduction or payment hereunder shall be adjusted to reflect any final determination (which shall include the execution of Form 870-AD or successor form) with respect to the indemnified party's liability for Taxes, and payments between the parties to this Agreement to reflect such adjustment shall be made if necessary. Any indemnity payment under this Article XIII shall be treated as an adjustment to the value of the asset upon which the underlying Indemnification Claim was based, unless a final determination (which shall include the execution of a Form 870-AD or successor form) with respect to the indemnified party or any of its Affiliates causes any such payment not to be treated as an adjustment to the value of the asset for United States federal income tax purposes.

13.5 Tax Treatment of Indemnity Payments. Seller and Purchaser agree to treat any indemnity payment made pursuant to this Article XIII as an adjustment to the Purchase Price for federal, state, local and foreign income tax purposes.

13.6 No Consequential Damages; Limitation on Seller's Recoverable Damages. Notwithstanding anything to the contrary elsewhere in this Agreement, no party shall, in any event, be liable to any other Person for any consequential, incidental, indirect, special or punitive damages of such other Person, including loss of future revenue, income or profits, diminution of value or loss of business reputation or opportunity relating to the breach or alleged breach hereof (provided that such limitation with respect to lost profits shall not limit Seller's right to recover

contract damages in connection with Purchaser's failure to close in violation of this Agreement as set forth in this Section 13.6). If there is a material breach by Purchaser of this Agreement and such breach remains uncured beyond any applicable cure periods specifically set forth in this Agreement, the Seller shall be entitled to terminate this Agreement and receive the Escrow Funds and all investment income accrued thereon without grace or cure period. In the event that such breach occurs after the Purchaser is selected as the Successful Bidder, Seller shall, as Seller's sole remedy, be entitled to recover all compensatory damages resulting therefrom after providing Purchaser with written notice and one (1) Business Day opportunity to cure; provided that in no event shall the aggregate damages recoverable by Seller for such failure exceed the sum of Ten Million and no/100 Dollars (\$10,000,000). In the event that Seller defaults in its obligation to sell the Property to Purchaser when Seller is obligated to do so under this Agreement, in addition to the other rights and remedies set forth in this Agreement, Purchaser shall have the right to seek specific performance.

ARTICLE XIV

TRANSFER TAXES

14.1 Transfer Taxes. Purchaser shall be responsible for (and shall indemnify and hold harmless Seller and its directors, officers, employees, Affiliates, agents, successors and permitted assigns against) fifty percent (50%) of any sales, use, stamp, documentary stamp, filing, recording, transfer or similar fees or taxes or governmental charges (including any interest and penalty thereon) payable in connection with the transactions contemplated by this Agreement ("Transfer Taxes"). To the extent that any Transfer Taxes are required to be paid by Seller (or such Transfer Taxes are assessed against Seller), Purchaser shall promptly reimburse Seller, as applicable, for fifty percent (50%) of such Transfer Taxes. Seller and Purchaser shall cooperate and consult with each other prior to filing any Tax Returns in respect of Transfer Taxes. Seller and Purchaser shall cooperate and otherwise take commercially reasonable efforts to obtain any available refunds for Transfer Taxes.

ARTICLE XV

MISCELLANEOUS

15.1 Expenses. Except as otherwise provided in this Agreement, each of Seller and Purchaser shall bear its own expenses incurred in connection with the negotiation and execution of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby.

15.2 Injunctive Relief. Damages at law may be an inadequate remedy for the breach of any of the covenants, promises and agreements contained in this Agreement, and, accordingly, any party hereto shall be entitled to injunctive relief with respect to any such breach, including without limitation specific performance of such covenants, promises or agreements or an order enjoining a party from any threatened, or from the continuation of any actual, breach of the covenants, promises or agreements contained in this Agreement. The rights set forth in this Section 15.2 shall be in addition to any other rights that a Party may have at law or in equity pursuant to this Agreement. Notwithstanding the foregoing, no injunction or other specific

performance remedy shall be available to Seller in connection with Purchaser's breach of its obligation to purchase the Property pursuant to this Agreement, and Seller's remedy for such a breach that continues beyond any applicable cure period shall be limited to recovery of money damages as and to the extent specified in Section 13.6.

15.3 Submission to Jurisdiction; Consent to Service of Process.

(a) Without limiting any party's right to appeal any order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes that may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (ii) any and all proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 15.7 hereof; provided, however, that if the Bankruptcy Case has closed, the parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the United States District Court for the Central District of California sitting in Los Angeles County or the Superior Court of the State of California sitting in Los Angeles County and any appellate court from any thereof, for the resolution of any such claim or dispute. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection that they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by delivery of a copy thereof in accordance with the provisions of Section 15.7.

15.4 Waiver of Right to Trial by Jury. Each party to this Agreement waives, to the extent permitted by applicable Laws, any right to trial by jury in any action, matter or proceeding regarding this Agreement or any provision hereof.

15.5 Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits hereto) and the Confidentiality Agreement represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof. This Agreement can be amended, supplemented or changed, and any provision hereof can be waived, only by written instrument making specific reference to this Agreement signed by the party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including without limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or

further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

15.6 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in such State.

15.7 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by facsimile (with written confirmation of transmission) or (iii) one business day following the day sent by overnight courier (with written confirmation of receipt), in each case at the following addresses and facsimile numbers (or to such other address or facsimile number as a party may have specified by notice given to the other party pursuant to this provision):

If to Seller, to:

LNR-Lennar Washington Square, LLC
c/o Landsource Holding Company, LLC
23823 Valencia Blvd.
Valencia, CA 91355
Facsimile: (661) 255-4219
Attention: Jeffrey Lawhon

With a copy (which shall not constitute notice) to:

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
Facsimile: (212) 310-8007
Attention: Debra Dandeneau, Esq.

If to Purchaser, to:

c/o The CIM Group
6922 Hollywood Blvd., 9th Floor
Hollywood, CA 90028
Facsimile: (323) 860-4901
Attention: Mr. Justin Rimel

With a copy (which shall not constitute notice) to:

Fragner Seifert Pace & Winograd, LLP
300 S. Grand Avenue, 14th Floor
Los Angeles, CA 90071
Facsimile: (213) 232-7112
Attention: Terrence R. Pace, Esq.

15.8 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

15.9 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any Person or entity not a party to this Agreement except as provided below. No assignment of this Agreement or of any rights or obligations hereunder may be made by either Seller or Purchaser (by operation of law or otherwise) without the prior written consent of the other parties hereto, and any attempted assignment without the required consents shall be void. No assignment of any obligations hereunder shall relieve the parties hereto of any such obligations. Upon any such permitted assignment, the references in this Agreement to Purchaser shall also apply to any such assignee unless the context otherwise requires.

15.10 Professional Fees. If either party hereto commences any action, suit or proceeding against the other party arising out of or in connection with this Agreement, then in addition to any damages recoverable under this Agreement, the prevailing party shall be entitled to have and recover from the other party all costs and expenses of the action, suit, proceeding, including reasonable attorneys' fees and costs, accounting and engineering fees, and any other professional fees resulting therefrom or from any appeal. Notwithstanding anything to the contrary set forth in this Agreement the recovery of such costs and expenses shall be in addition to any limit on damages set forth in this Agreement.

15.11 Non-Recourse. No past, present or future director, officer, employee, incorporator, member, partner or equityholder of Seller or Purchaser shall have any liability for any obligations or liabilities of Seller or Purchaser, respectively, under this Agreement or the Seller Documents or Purchaser Documents, respectively, of or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby and thereby.

15.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

15.13 Guarantee. In the event that Purchaser is the Successful Bidder but fails to purchase the Property when required by the terms of this Agreement, CIM Fund III, L.P., a Delaware limited partnership ("Guarantor"), hereby irrevocably and unconditionally guarantees the payment of all damages payable by Purchaser under Section 13.6 of this Agreement. Guarantor's obligations under this Section 15.13 shall survive the termination of this Agreement.

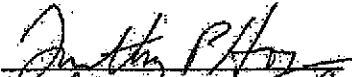
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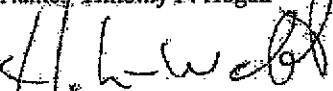
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

SELLER:

**LNR-LENNAR WASHINGTON SQUARE,
LLC, a California limited liability company**

By: Executive Committee of LandSource
Communities Development, LLC, a
Delaware limited liability company, as the
100% (indirect) owner of the Seller

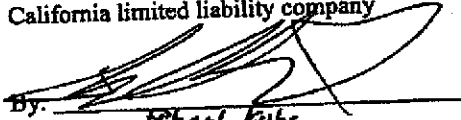
By: 
Name: Timothy P. Hogan

By: 
Name: H. Lawrence Webb

[Signatures continued on the following page]

PURCHASER:

DULCE VIEW (LOS ANGELES), LLC, a
California limited liability company

By: 

Name: *Shaul Kubo*
Title: *Vice President*


TRP

The undersigned hereby acknowledges and agrees
to its obligations under Section 15.13 of this Agreement:

GUARANTOR:

CIM FUND III, L.P., a Delaware limited partnership

By: CIM Fund III, GP, LLC, its general partner

By: 

Name: *Shaul Kubo*
Title: *Vice President*

TRP

EXHIBIT A

(Bidding Procedures)

BID PROCEDURES

Set forth below are the bidding procedures (the "Bid Procedures") to be employed with respect to the selection of the highest or otherwise best bid(s) for the sale by LNR-Lennar Washington Square, LLC (the "Seller" or the "Debtor") of certain real property located in California, as more particularly described on Exhibit "1" attached hereto (the "Purchased Assets"). As set forth in more detail below, the Debtor will conduct an auction (the "Auction") for the sale (the "Sale") of the Purchased Assets if one or more Qualified Bids (as defined below) are timely submitted, or if the Debtor receives notice from an Agent (as defined below) that the Agent wishes to participate in the Auction. The Debtors filed a motion with the Bankruptcy Court on November 19, 2008 seeking approval of the Bid Procedures and related relief (the "Procedures Motion").

Pursuant to an order of the Bankruptcy Court entered on December 9, 2008, the Debtor received authority to, among other things, select a Stalking Horse Bidder (as defined below) for the Purchased Assets and conduct the Auction. The Bankruptcy Court will conduct a hearing (the "Sale Hearing") on February 24, 2009 at 3:30 p.m. (New York Time) to consider entry of an order (the "Sale Order") authorizing and approving the Sale of the Purchased Assets pursuant to the terms and conditions set forth below and definitive sale documentation.

BREAK-UP FEE

The Debtor has entered into a "stalking horse" agreement (the "Stalking Horse Agreement"), with Dulce View (Los Angeles), LLC, a California limited liability company (the "Stalking Horse Bidder"), governing the purchase of the Purchased Assets by the Stalking Horse Bidder. The Stalking Horse Agreement provides for a break-up fee of \$1,500,000 to be paid to the Stalking Horse Bidder in the event that the Stalking Horse Bidder is not the purchaser of the Purchased Assets (the "Break-Up Fee"). The amount of the Break-Up Fee may be considered by the Debtor in determining the highest or otherwise best bid and the net value that the Debtor and its estate will realize at any Auction.

QUALIFIED BIDDERS

To participate in the bidding process or otherwise be considered for any purpose hereunder, a person or entity interested in the Purchased Assets (a "Potential Bidder") must first deliver the following materials to the Debtor and its counsel:

- (i) An executed confidentiality agreement in form and substance satisfactory to the Debtor and its counsel; and
- (ii) The most current audited and latest unaudited financial statements (collectively, the "Financials") of the Potential Bidder or, if the Potential Bidder is an entity formed for the purpose of the Sale,

(a) Financials of the equity holder(s) of the Potential Bidder or such other form of financial disclosure as is acceptable to the Debtor and its counsel and (b) the written commitment acceptable to the Debtor and its counsel of the equity holder(s) of the Potential Bidder to be responsible for the Potential Bidder's obligations in connection with the Sale. In the event that a Potential Bidder is unable to provide Financials, the Debtor may accept such other information sufficient to demonstrate to the Debtor's satisfaction that such Potential Bidder has the financial wherewithal to consummate the Sale.

A "Qualified Bidder" is a Potential Bidder whose Financials or other information demonstrate the financial capability to consummate the Sale and which the Debtor determines is reasonably likely to make a bona fide offer.

Notwithstanding the foregoing, neither Barclays Bank PLC ("Barclays"), as agent under that certain Super-Priority Debtor in Possession First Lien Credit Agreement, dated as of June 16, 2008 and that certain First Lien Credit Agreement, dated as of February 27, 2007, nor The Bank of New York ("BONY") as agent under that certain Second Lien Credit Agreement, dated as of February 27, 2007, shall be required to provide Financials in order to be deemed to constitute a Qualified Bidder so long as the other requirements set forth herein for Qualified Bidders have been satisfied. Barclays and BONY are referred to collectively herein as "Agents."

OBTAINING DUE DILIGENCE ACCESS

The Debtor (or a broker retained by the Debtor in these cases) shall afford each Qualified Bidder reasonable due diligence information, including, without limitation, the due diligence information provided to the Stalking Horse Bidder. Upon request, the Debtor shall provide site access to each Qualified Bidder to the extent requested to conduct reasonable due diligence. The due diligence period will end on the Bid Deadline (as defined below).

The Debtor shall not be obligated to furnish any information relating to the Debtor or the Purchased Assets to any person except to a Qualified Bidder. The Debtor shall give each Qualified Bidder reasonable access to all written due diligence information provided to another Qualified Bidder and shall provide substantially the same site access to each Qualified Bidder.

The Debtor shall coordinate all reasonable requests for additional information and due diligence access from Qualified Bidders. No conditions relating to the completion of due diligence shall be permitted to exist after the Bid Deadline.

DUE DILIGENCE FROM BIDDERS

To the extent that cash payments are required to consummate the transaction, each Qualified Bidder shall comply with all reasonable requests for

additional information by the Debtor or its advisors regarding such Qualified Bidder's financial wherewithal to consummate and perform obligations in connection with the Sale. Failure by the Qualified Bidder to comply with requests for additional information may be a basis for the Debtor to determine that a bid made by the Qualified Bidder is not a Qualified Bid (as defined below).

BID DEADLINE

The deadline for submitting bids by a Qualified Bidder, other than an Agent, shall be January 30, 2009 at 5:00 p.m. (New York Time) (the "Bid Deadline").

Prior to the Bid Deadline, a Qualified Bidder, other than an Agent, that desires to make a bid shall deliver written copies of its bid to (i) the Debtor, LNR-Lennar Washington Square, LLC, c/o LandSource Communities Development, LLC, 23823 Valencia Blvd., Valencia, CA 91355 (Attn: Jeffrey Lawhon (jlawhon@newhall.com)), (ii) counsel to the Debtor, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Debra Dandeneau, Esq. (debra.dandeneau@weil.com)), and (iii) the financial advisors to the Debtor, Lazard Frères & Co. LLC, 30 Rockefeller Plaza, New York, NY 10020 (Attn: Brandon Aebersold (Brandon.Aebersold@lazard.com)). The Debtor shall provide copies of all bids received to the financial advisors to each of (i) Barclays, (ii) BONY, and (iii) the Official Committee of Unsecured Creditors (the "Creditors' Committee") and together with Barclays and BONY, the "Notice Parties").

The Agents need not submit bids by the Bid Deadline. An Agent may bid at an Auction regardless of whether it has delivered a bid by the Bid Deadline. If no bids have been received from any Qualified Bidders on or before the Bid Deadline, then an Agent may advise the Debtor of its intent to bid (either by credit bid or otherwise) in an Auction by delivering a notice to the Debtor and the other Notice Parties so that it is actually received by the Debtor and the other Notice Parties within two (2) business days after the Bid Deadline.

QUALIFIED BID REQUIREMENTS

A bid must be a written irrevocable offer from a Qualified Bidder (i) stating that the Qualified Bidder offers to consummate a Sale; (ii) confirming that the offer shall remain open and irrevocable until the closing of a Sale to the Successful Bidder or the Next Highest Bidder (both as defined below); (iii) enclosing a copy of the proposed bid; and (iv) enclosing a certified or bank check, wire transfer, or letter of credit reasonably acceptable to the Debtors equal to 3.67% of the amount of the Qualified Bid, as a minimum deposit (the "Minimum Deposit"). No liens of any creditors of the Debtor shall attach, or be deemed to attach, to the Minimum Deposit until and unless a Sale to the bidder making the Minimum Deposit occurs or the bidder forfeits its deposit in accordance with the procedures set forth herein. All bids will be considered, but the Debtor reserves its right to reject any or all bids.

Any bid for the Purchased Assets must:

- (a) provide for the purchase of all of the Purchased Assets and may not have conditions to close not present in the Stalking Horse Agreement; provided, that the Debtor may consider bids for less than all of the Purchased Assets to the extent such bid, as a stand-alone bid or in combination with another, is the highest or otherwise best bid;
- (b) not be conditioned on obtaining financing or the outcome of any due diligence by the bidder;
- (c) not request or entitle the bidder to any break-up fee, expense reimbursement or similar type of payment;
- (d) fully disclose the identity of each entity that will be bidding for the Purchased Assets or otherwise participating in connection with such bid, and the complete terms of any such participation;
- (e) contain written evidence that the bidder has the requisite corporate or similar authority to consummate the proposed Sale;
- (f) offer a minimum bid amount of not less than \$47,500,000 million for the Purchased Assets; provided, however, that the Agents are entitled to credit bid under section 363(k) of title 11 of the United States Code (the "Bankruptcy Code"), except to the extent that cash payments are required to consummate the transaction;
- (g) identify any executory contracts ("Contracts") or unexpired leases ("Leases") to be assumed and assigned in connection with the Sale;
- (h) be accompanied by an acknowledgement that the Qualified Bidder (a) has had an opportunity to conduct due diligence regarding the Purchased Assets prior to making its offer and does not require further due diligence, (b) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Purchased Assets in making its bid, and (c) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Purchased Assets, or the completeness of any information provided in connection therewith, except as expressly stated in these Bidding Procedures;
- (i) include, with respect to the proposed Contracts and Leases, an Adequate Assurance Package (as defined below); and
- (j) be accompanied by a signed contract substantially in the form of the Stalking Horse Agreement and marked to show any changes made thereto.

A bid received from a Qualified Bidder that meets the requirements set forth above will be considered a "Qualified Bid," and the highest or otherwise best such bid, the "Highest Qualified Bid." For the avoidance of doubt, a credit bid submitted at the Auction by an Agent will be considered a Qualified Bid.

ADEQUATE ASSURANCE PACKAGE

If any Qualified Bid requires the assumption and assignment of Contracts or Leases, then such Qualified Bidder must identify such Contracts and/or Leases to be assumed and assigned and provide evidence of its ability to provide adequate assurance of future performance of such Contracts or Leases along with the Qualified Bid (an "Adequate Assurance Package").

AUCTION

If at least one Qualified Bid by a Qualified Bidder other than the Stalking Horse Bidder is received by the Bid Deadline, or if an Agent has provided the Notice Parties with timely written notice of its intent to participate at the Auction, the Auction with respect to the Purchased Assets shall take place at the date and time designated by the Debtor (but no later than February 4, 2009, at 9:00 a.m. (California Time)) at the offices of Paul, Hastings, Janofsky & Walker LLP, 515 South Flower Street, Twenty-fifth Floor, Los Angeles, CA 90071. The Debtor may extend the Auction deadline and/or adjourn, continue or suspend the Auction and/or the Sale Hearing for any reason, including to seek further clarification from the Bankruptcy Court regarding any issues, without further order of the Bankruptcy Court, by filing a notice with the Bankruptcy Court and serving such notice on all Potential Bidders and the Auction Notice Parties (as such term is defined in the Procedures Motion). The Debtor will provide appropriate notice to each of the Qualified Bidders and other invitees of the date, time, and place for the Auction. Only the authorized representatives of each of the Debtor, the Creditors' Committee, the Agents, and the Qualified Bidders shall be permitted to attend the Auction.

If no Qualified Bid other than the Stalking Horse bid is received by the Bid Deadline, and neither of the Agents has provided timely written notice to the Notice Parties of its intent to participate at the Auction, then the Auction will not be held, and, pursuant to the Stalking Horse Agreement, but subject to the entry of the Sale Order, the Stalking Horse Bidder shall purchase, acquire and accept from Seller, and the Seller shall sell, transfer, assign, convey and deliver to the Stalking Horse Bidder (or its designated affiliate or affiliates) all of Seller's right, title and interest in, to and under the Purchased Assets, free and clear of all liens (except for the Permitted Exceptions (as defined in the Stalking Horse Agreement)) to the extent permissible under section 363(f) of the Bankruptcy Code and free and clear of any claims or interests the Debtor may have had.

A party may participate at the Auction only if it is either (i) a Qualified Bidder who has submitted a Qualified Bid, or (ii) an Agent who has complied with the requirements of these Bid Procedures. The Debtor will evaluate all Qualified Bids

received and will select the Qualified Bid that reflects the highest and best offer, as determined by the Debtor in its sole and absolute discretion, as the "Starting Auction Bid" for the Purchased Assets.

The bidding at the Auction shall start at the Starting Auction Bid as disclosed by the Debtor to all Qualified Bidders prior to commencement of the Auction. The bidding will continue in incremental amounts of at least \$100,000 (until there is a Successful Bid (as defined below) and a Next Highest Bid (as defined below)). At the Auction, Qualified Bidders will be permitted to increase their bids. All bids subsequent to the Starting Auction Bid, whether oral or written, shall be deemed to constitute valid modifications or amendments to the signed contract previously submitted by such bidder. The Agents shall be entitled to credit bid at the Auction pursuant to section 363(k) of the Bankruptcy Code; provided, however, that to the extent applicable, any such credit bid must be accompanied by a cash payment equal to the amount of the secured debt with liens senior to the liens of the Agent that is credit bidding. Any credit bid submitted at the Auction will be on substantially the same terms as contained in the Stalking Horse Agreement.

Prior to concluding the Auction, the Debtor shall (i) review each Qualified Bid on the basis of its financial and contractual terms and the factors relevant to the sale process and the best interests of the Debtor's estates and creditors and (ii) determine which bid is the highest or otherwise best bid (the "Successful Bid") and the next highest or otherwise best offer after the Successful Bid (the "Next Highest Bid"). In evaluating bids, the Debtor may consider bids for less than all of the Purchased Assets, as well as bids for all of the Purchased Assets, so as to maximize the value received for the Purchased Assets.

At or prior to the Auction, the Debtor, in its sole and absolute discretion, may adopt other rules for the Auction that, in its reasonable judgment, will better promote the goals of the Auction. All such rules shall be fully disclosed to all Qualified Bidders and will provide that the procedures must be fair and open. The Debtor may (i) determine whether to distribute copies of other Qualified Bids to other Qualified Bidders prior to or during the Auction or (ii) proceed with sealed bidding. Nothing herein shall prohibit the Debtor from meeting privately with any Qualified Bidders to negotiate the terms of the bids.

Immediately upon selection of the Successful Bid, the Qualified Bidder making the Successful Bid (the "Successful Bidder") shall provide the Debtor an additional deposit of \$2,000,000.

Any bid submitted after the conclusion of the Auction shall not be considered for any purpose unless an order of the Bankruptcy Court is entered directing that such bid be considered. Neither the Debtor nor any other person shall have any obligation to seek such an order from the Bankruptcy Court.

ACCEPTANCE OF THE SUCCESSFUL BID

Following the Auction or a determination that the Stalking Horse is the Successful Bidder, the Debtor will file and serve the Sale Hearing Notice. If no party objects to the Sale within five (5) business days after the filing of the Sale Hearing Notice, the Debtor may submit the Sale Order to the Bankruptcy Court upon a certification of counsel, and the Bankruptcy Court may enter the Sale Order without a Sale Hearing. If a Sale hearing Occurs, the Debtor will present the results of the Auction to the Bankruptcy Court at the Sale Hearing, at which the Debtor will seek certain findings from the Bankruptcy Court regarding the Auction, including, among other things, that (i) the Auction was conducted in a fair and reasonable manner, (ii) the Successful Bidder was selected in accordance with the Bid Procedures, and (iii) consummation of the Sale contemplated by the Successful Bid will provide the highest or otherwise best value for the Purchased Assets and is in the best interests of the Debtor and its estates.

The Debtor shall have accepted a Qualified Bid only when the Bankruptcy Court has approved the Successful Bid and entered the Sale Order.

Upon the closing of the Sale, (i) the Debtor shall promptly receive the deposits held in escrow in connection with that Successful Bid and (ii) the Successful Bidder shall pay directly to the Debtor the balance of the Successful Bid.

In the event that, for any reason, the Successful Bidder fails to close the Sale contemplated by its Successful Bid, then, without notice to any other party or further Bankruptcy Court order, the Debtor shall be authorized to close the Sale with the Qualified Bidder that submitted the Next Highest Bid (the "Next Highest Bidder") in accordance with the foregoing procedures.

RETURN OF MINIMUM DEPOSIT

The Minimum Deposits of all Qualified Bidders other than the Successful Bidder and the Next Highest Bidder required to submit a deposit under these Bid Procedures shall be returned upon or within three (3) business days after the Auction. The Minimum Deposit of the Successful Bidder and the Next Highest Bidder shall be held until the closing of the Sale and the deposit of the Successful Bidder, or the Next Highest Bidder if the Purchased Assets are sold to it, will be applied to the amount of the Successful Bid.

Notwithstanding the above, if the Successful Bidder fails to close the Sale, such party's Minimum Deposit shall be forfeited to the Debtor.

Except as otherwise provided in the Purchase Agreement, the Seller will not be required to maintain any Minimum Deposit in an interest bearing account, but any interest earned on any Minimum Deposit will be remitted to the appropriate Qualified Bidder if the Minimum Deposit is returned to the Qualified Bidder pursuant to the above

or applied to the amount of the Successful Bid. Minimum Deposits may only be used in accordance with the terms of these Bidding Procedures. Neither the Seller nor the Purchaser shall have any liability with respect to any Minimum Deposit.

RESERVATION OF RIGHTS

The Debtor reserves the right to (i) determine which bidders are Qualified Bidders; (ii) determine which Bids are Qualified Bids; (iii) determine which Qualified Bid is the highest and best proposal and which is the next highest and best proposal; (iv) reject any bid that is (a) inadequate or insufficient or (b) not in conformity with the requirements of the Bid Procedures Order or the requirements of the Bankruptcy Code.

JURISDICTION

The Bankruptcy Court shall retain exclusive jurisdiction over any matter or dispute relating to the sale of the Purchased Assets, the Bidding Procedures, the Sale Hearing, the Auction, the Stalking Horse Agreement, and/or any other matter that in any way relates to the foregoing.

Exhibit 1

The Purchased Assets

LOT 1 OF TRACT NO. 28031, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 732 PAGE 44 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 4225-003-002 and 4225-003-003

EXHIBIT B

(Excluded Personal Property)

NONE

EXHIBIT C

(Legal Description)

LOT 1 OF TRACT NO. 28031, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 732 PAGE 44 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 4225-003-002 and 4225-003-003

EXHIBIT D

(Form of Deed)

RECORDING REQUESTED BY:

WHEN RECORDED MAIL TO AND
MAIL TAX STATEMENTS TO:

[]

(Space Above Line for Recorder's Use Only)

GRANT DEED

In accordance with Section 11932 of the California Revenue and Taxation Code, Grantor has declared the amount of the transfer tax that is due by a separate statement that is not being recorded with this Grant Deed.

FOR VALUE RECEIVED, the receipt and sufficiency of which are hereby acknowledged, [] ("**Grantor**"), hereby grants to [] ("**Grantee**"), all that certain real property situated in the City of [], County of [], State of California, and described on Exhibit "A" attached hereto (the "**Property**").

THE PROPERTY IS GRANTED TO GRANTEE SUBJECT TO (i) the lien for real estate taxes, and (ii) the matters of public record described on Exhibit "B" attached hereto which are taken subject to, but without any assumption by Grantee, and without intent to reimpose any of them; provided, however, that the provisions of this sentence shall not affect or limit Grantee's rights to challenge or question the validity or effectiveness of any such matters as to any third party.

This Grant Deed is an absolute conveyance of title in effect as well as in form and is intended to include and unconditionally convey all equitable and redemptive rights of Grantor and is not intended as a mortgage or security device of any kind.

(Signature on Following Page)

EXHIBIT E

(Form of Bill of Sale)

BILL OF SALE

KNOW ALL PERSONS BY THESE PRESENTS:

THAT [_____] , a [_____] ("Grantor"), for and in consideration of the sum of [_____] and No/100 Dollars (\$[_____]) cash and other good and valuable consideration in hand paid, the receipt and legal sufficiency of which are hereby acknowledged, has GRANTED, SOLD, ASSIGNED, TRANSFERRED, CONVEYED and DELIVERED and does by these presents GRANT, SELL, ASSIGN, TRANSFER, CONVEY and DELIVER unto [_____] , a [_____] ("Grantee"), all of Grantor's right, title and interest in, to and under all personal property owned by Grantor and located on the Property (hereinafter defined) or used in connection with the development and/or operation of the Property, or acquired by Grantor for installation or use in connection with the development and/or operation of the Property and not previously replaced by Grantor, wherever located (collectively, the "Personal Property"), including, but not limited to, the fixtures, attachments, and other articles attached to the improvements located upon the Property and all tangible personal property owned by Grantor located on or at the Property or used or to be used in connection therewith, all goods, machinery, tools, and all other fixtures, apparatus, equipment, and articles owned by Grantor and used in connection with the development and/or operation of the improvements on the Property, it being understood that the enumeration of any specific articles of property shall in no way result in the exclusion of or be held to exclude any items of property not specifically mentioned. As used herein, the "Property" shall mean that certain real property located in Los Angeles County, California and more particularly described on Exhibit A attached hereto and incorporated herein, and the improvements located thereon.

TO HAVE AND TO HOLD the Personal Property and all other property as is hereinabove described unto Grantee and Grantee's successors, legal representatives and assigns, forever.

This Bill of Sale is an absolute conveyance of title in effect as well as in form and is intended to include and unconditionally convey any equitable or redemptive rights of Grantor and is not intended as a mortgage or security device of any kind.

All of the covenants, terms and conditions set forth herein shall be binding upon and inure to the benefit of the parties hereto, their respective successors, personal and legal representatives, heirs, devisees and assigns.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, Grantor has executed and sealed this Bill of Sale on
this ___ day of _____, 2008.

GRANTOR:

[_____]

By: _____

Its:

EXHIBIT F

(Form of Assignment of Contracts and Other Property Rights)

**ASSIGNMENT OF ASSUMED CONTRACTS AND OTHER
PROPERTY RIGHTS**

KNOW ALL MEN BY THESE PRESENTS: THAT, [_____] a [_____] ("Grantor"), for and in consideration of the sum of TEN DOLLARS AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration to Grantor in hand paid by [_____] a [_____] limited liability company ("Grantee"), the receipt and sufficiency of which are hereby acknowledged and confessed, has GRANTED, SOLD, ASSIGNED, TRANSFERRED, CONVEYED and DELIVERED and does by these presents GRANT, SELL, ASSIGN, TRANSFER, CONVEY and DELIVER unto Grantee all of the Grantor's right, title and interest in and to (i) the Assumed Contracts set forth on Schedule 1 attached hereto, and (ii) the Other Property Rights (as such term is defined in that certain Purchase and Sale Agreement by and between Grantor and Grantee, dated as of [_____] (the "Purchase Agreement"; capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Purchase Agreement)), with respect to the real property and improvements more particularly described on Exhibit A attached hereto and made a part hereof.

Grantor does hereby agree to promptly perform, execute and/or deliver after its receipt from Grantee of written demand for same, any and all such further acts and assurances as Grantee may reasonably require to properly consummate the transfer of ownership of the Assumed Contracts and the Other Property Rights to Grantee.

To have and to hold the Assumed Contracts and the Other Property Rights unto Grantee and Grantee's successors, legal representatives and assigns, forever.

This Assignment of Assumed Contracts and Other Property Rights and Grantee's acceptance hereof and of the Assumed Contracts and Other Property Rights shall not imply that Grantee is assuming, and Grantee is not assuming, any obligations of Grantor under or with respect to any of the Assumed Contracts and/or Other Property Rights, except that Grantee is assuming the obligations accruing under the Assumed Contracts from and after the date hereof. Without limiting the generality of the foregoing, Grantee shall not be required to pay the cure amounts as determined by the Bankruptcy Court, if any, that may be necessary to cure defaults, if any, nor shall Grantee be required to pay any actual or pecuniary losses that have resulted from such defaults under any of the Assumed Contracts or with respect to any of the Other Property Rights at or before the date hereof.

THIS ASSIGNMENT OF ASSUMED CONTRACTS AND OTHER PROPERTY RIGHTS SHALL BE GOVERNED BY, AND INTERPRETED AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF CALIFORNIA.

[SIGNATURE APPEARS ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Grantor has executed and sealed this Assignment of Assumed Contracts and Other Property Rights on this ___ day of _____, 200_.

GRANTOR:

[_____]

By: _____

Name:

Title:

[]
By: _____
Name: _____
Title: _____

STATE OF CALIFORNIA)
) ss:
county of _____)

On _____, 2008 before me, _____ (here
insert name of the officer), Notary Public, personally appeared _____
, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the
instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the
instrument.

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

WITNESS my hand and official seal.

Signature of Notary Public

[Seal]

SCHEDULE 1.1

(Assumed Contacts)

Pier Pointe Contracts

Bontempi

Contract Name: General Agreement for Consulting Services

Parties: LNR-Lennar Washington Square LLC and Bontempi Casa

Contract Date: August 22, 2008

Carlin

Contract Name: Agreement for Consulting Services

Parties: LNR-Lennar Washington Square, LLC c/o Lennar Homes of California, Inc. and Carlin Environmental Consulting, Inc.

Contract Date: August 2005

Carpet USA

Contract Name: Subcontractor Agreement

Parties: LNR-Lennar Washington Square, LLC and Carpet USA, LTD.

Contract Date: August 22, 2008

D. E. Smith

Contract Name: Subcontractor Agreement

Parties: LNR-Lennar Washington Square, LLC and D.E. Smith

Contract Date: August 28, 2008

D. F. Dickerson

Contract Name: Professional/Architectural Services Agreement

Parties: LNR-Lennar Washington Square, LLC and Donald F. Dickerson Associates

Contract Date: October 13, 2004

Hall & Foreman

Contract Name: General Agreement for Consulting Services

Parties: LNR-Lennar Washington Square, LLC and Hall & Foreman, Inc.

Contract Date: September 15, 2004

John A. Martin

Contract Name: Agreement for Consulting Services

Parties: LNR-Lennar Washington Square, LLC c/o Lennar Homes of California, Inc. and John A. Martin & Associates, Inc.

Contract Date: November 2005

L. A. Group

Contract Name: Professional/Architectural Services Agreement

Parties: LNR-Lennar Washington Square, LLC and L.A. Group, Inc.

Contract Date: November 5, 2004

LaJolla Pacific

Contract Name: General Agreement for Consulting Services

Parties: LNR-Lennar Washington Square, LLC c/o Lennar Communities and La Jolla Pacific of California, LTD.

Contract Date: March 29, 2006

Leighton

Contract Name: Agreement for Consulting Services and General Agreement for Consulting Services

Parties: LNR-Lennar Washington Square, LLC c/o Lennar Homes of California, Inc and Leighton and Associates, Inc.

Contract Date: April 2005; April 23, 2007

Natures Image

Contract Name: Subcontractor Agreement

Parties: LNR-Lennar Washington Square, LLC and Natures Image, Inc.

Contract Date: July 8, 2008

PCL

Contract Name: Cost Plus Agreement between Owner and Contractor with a Guaranteed Maximum Price and General Contractor Agreement (for Site Demolition Work)

Parties: LNR-Lennar Washington Square, LLC and PCL Construction Services, Inc.

Contract Date: February 28, 2007; June 12, 2006

Pure Effect

Contract Name: General Agreement for Consulting Services

Parties: LNR-Lennar Washington Square, LLC and Pure Effects, Inc.

Contract Date: March 30, 2006

R. T. Frankian

Contract Name: General Agreement for Consulting Services

Parties: LNR-Lennar Washington Square, LLC and R.T. Frankian and Associates

Contract Date: April 28, 2008

Southern Sun

Contract Name: Cost Plus Agreement between Owner and Contractor with a Guaranteed Maximum Price

Parties: LNR-Lennar Washington Square, LLC and Southern Sun Construction Co.

Contract Date: November 6, 2007

VSA

Contract Name: General Agreement for Consulting Services

Parties: LNR-Lennar Washington Square, LLC and VSA n Associates

Contract Date: October 6, 2004

VTBS

Contract Name: Agreement for Consulting Services

Parties: LNR-Lennar Washington Square, LLC c/o Lennar Homes of California, Inc. and Van Tilburg, Banvard & Soderbergh Inc.

Contract Date: March 2005

Westve Group. Any rights of the Seller has as described in that certain Lennar Purchase Order dated as of April 22, 2008 by and between LNR-Lennar Washing Square, LLC and The Westye Group

Telecommunication Leases¹:

Nextel

Contract Name: Communications Site Lease Agreement (Building)

Parties: Pacifica Square LLC, as lessor, and Nextel of California, Inc. dba Nextel Communications

Contract Date: March 1, 2001, as amended to date

Verizon

Contract Name: Building Lease Agreement

Parties: CPF-SC and Los Angeles SMSA Limited Partnership

Contract Date: October 1, 1993, as amended to date

¹ The Parties understand that both of the following two Telecommunication Leases may have been assigned to the Homeowners Association prior to the date hereof. To the extent legally permissible, Seller will rescind any assignment to the Homeowner's Association and assign such leases to Purchaser on the Closing Date; provided, however, that in the event Seller is unable to rescind any such assignments, the following two communication leases shall not constitute "Assumed Contracts," it being agreed by the parties that the Seller's obligations to assign these leases in accordance with the terms of the Purchase Agreement shall be conditioned on Seller's ability to rescind any assignment thereof in favor of the Homeowner's Association.

SCHEDULE 7.6

(Environmental Matters)

NONE

SCHEDULE 7.7

(Financial Advisors)

1. Lazard Frères & Co., LLC, Seller's financial advisor

SCHEDULE 7.12

(Letters of credit, Cash collateral, Bonds)

Collateral required to be posted for the payment of the 2009-2010 taxes.

Exhibit 3

Assumed and Assigned Prepetition Contracts and Cure Schedule

LNR-Lennar Washington Square, LLC

Prepetition Contracts

Contractor's Name	Contract	Proposed Cure Amount
Carlin Environmental Consulting, Inc.	Agreement for Consulting Services dated August 2005	\$16,146.34
Donald F. Dickerson Associates	Professional/Architectural Services Agreement dated October 13, 2004	\$12,114.52
Hall & Foreman, Inc.	General Agreement for Consulting Services dated as of 2004	\$57,139.79
John A. Martin & Associates, Inc.	Agreement for Consulting Services dated November 2005	\$0.00
L. A. Group, Inc.	Professional/Architectural Services Agreement dated November 5, 2004	\$226.89
La Jolla Pacific of California, Ltd.	General Agreement for Consulting Services dated March 29, 2006	\$7,982.84
Leighton and Associates, Inc.	Agreement for Consulting Services dated April 2005, and signed November 29, 2005	\$0.00
Leighton and Associates, Inc.	General Agreement for Consulting Services dated April 23, 2007	\$11,943.90
Pure Effect, Inc.	General Agreement for Consulting Services dated March 30, 2006 and signed April 20, 2006	\$0.00
PCL Construction Services, Inc.	Cost Plus Agreement between Owner and Contractor with a Guaranteed Maximum Price dated February 28, 2007	Previously Assumed
PCL Construction Services, Inc.	General Contractor Agreement (for Site Demolition Work) dated June 12, 2006	Previously Assumed
R. T. Frankian & Associates	General Agreement for Consulting Services dated April 28, 2008 and signed June 10, 2008	\$10,577.50
Southern Sun Construction Co., Inc.	Cost Plus Agreement between Owner and Contractor with a Guaranteed Maximum Price dated November 6, 2007	Previously Assumed
VSA n Associates	General Agreement for Consulting Services dated October 6, 2004 and signed October 23, 2004	\$0.00
Van Tilburg, Banvard & Soderbergh Inc. ("VTBS")	Agreement for Consulting Services dated March 2005 and signed November 3, 2005	\$98,158.85
The Westye Group	Any rights of the Seller has as described in that certain Lennar Purchase Order dated as of April 22, 2008 by and between LNR-Lennar Washington Square, LLC and The Westye Group	\$32,131.98

Contractor's Name	Contract	Proposed Cure Amount
Nextel of California, Inc. dba Nextel Communications (Nextel Lease)	Communications Site Lease Agreement (Building) dated March 1, 2001, as amended to date	\$0.00
Los Angeles SMFA Limited Partnership (Verizon Lease)	Building Lease Agreement dated October 1, 1993, as amended to date	\$0.00
TOTAL:		\$246,422.61

Exhibit 4

Assigned Postpetition Contracts

LNR-Lennar Washington Square, LLC

Postpetition Contracts

Contractor's Name

Contract

Bontempi Casa	General Agreement for Consulting Services dated August 22, 2008
Carpet USA, LTD	Subcontractor Agreement dated August 22, 2008
D.E. Smith	Subcontractor Agreement dated August 28, 2008
Natures Image, Inc.	Subcontractor Agreement dated July 8, 2008

Exhibit 2

Assumed and Assigned Prepetition Contracts and Cure Schedule

LNR-Lennar Washington Square, LLC

Prepetition Contracts

Contractor's Name	Contract	Proposed Cure Amount
Carlín Environmental Consulting, Inc.	Agreement for Consulting Services dated August 2005	\$16,146.34
Donald F. Dickerson Associates	Professional/Architectural Services Agreement dated October 13, 2004	\$12,114.52
Hall & Foreman, Inc.	General Agreement for Consulting Services dated as of 2004	\$57,139.79
John A. Martin & Associates, Inc.	Agreement for Consulting Services dated November 2005	\$28,843.00
L. A. Group, Inc.	Professional/Architectural Services Agreement dated November 5, 2004	\$226.89
La Jolla Pacific of California, Ltd.	General Agreement for Consulting Services dated March 29, 2006	\$7,982.84
Leighton and Associates, Inc.	Agreement for Consulting Services dated April 2005, and signed November 29, 2005	\$0.00
Leighton and Associates, Inc.	General Agreement for Consulting Services dated April 23, 2007	\$11,943.90
Pure Effect, Inc.	General Agreement for Consulting Services dated March 30, 2006 and signed April 20, 2006	\$0.00
PCL Construction Services, Inc.	Cost Plus Agreement between Owner and Contractor with a Guaranteed Maximum Price dated February 28, 2007	Previously Assumed
PCL Construction Services, Inc.	General Contractor Agreement (for Site Demolition Work) dated June 12, 2006	Previously Assumed
R.T. Frankian & Associates	General Agreement for Consulting Services dated April 28, 2008 and signed June 10, 2008	\$10,577.50
Southern Sun Construction Co., Inc.	Cost Plus Agreement between Owner and Contractor with a Guaranteed Maximum Price dated November 6, 2007	Previously Assumed
VSA n Associates	General Agreement for Consulting Services dated October 6, 2004 and signed October 23, 2004	\$0.00
Van Tilburg, Barvard & Soderbergh Inc. ("VTBS")	Agreement for Consulting Services dated March 2005 and signed November 3, 2005	\$98,158.85
The Westye Group	Any rights of the Seller has as described in that certain Lennar Purchase Order dated as of April 22, 2008 by and between LNR-Lennar Washington Square, LLC and The Westye Group	\$32,131.98

Contractor's Name	Contract	Proposed Cure Amount
Nextel of California, Inc. dba Nextel Communications (Nextel Lease)	Communications Site Lease Agreement (Building) dated March 1, 2001, as amended to date	\$0.00
Los Angeles SMSA Limited Partnership (Verizon Lease)	Building Lease Agreement dated October 1, 1993, as amended to date	\$0.00
TOTAL:		\$275,265.61