

LIGAND PHARMACEUTICALS INC

Form 424B3

November 01, 2006

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PROSPECTUS FILED PURSUANT TO RULE 424(B)(3)

LIGAND PHARMACEUTICALS INCORPORATED

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-131029

Prospectus Supplement No. 12

(to Prospectus dated April 12, 2006, as supplemented and amended by that Prospectus Supplement No. 1 dated May 15, 2006, that Prospectus Supplement No. 2 dated June 12, 2006, that Prospectus Supplement No. 3 dated June 29, 2006, that Prospectus Supplement No. 4 dated August 4, 2006, that Prospectus Supplement No. 5 dated August 9, 2006, that Prospectus Supplement No. 6 dated August 30, 2006, that Prospectus Supplement No. 7 dated September 11, 2006, that Prospectus Supplement No. 8 dated September 12, 2006, that Prospectus Supplement No. 9 dated October 2, 2006, that Prospectus Supplement No. 10 dated October 17, 2006, and that Prospectus Supplement No. 11 dated October 20, 2006)

This Prospectus Supplement No. 12 supplements and amends the prospectus dated April 12, 2006 (as supplemented and amended by that Prospectus Supplement No. 1 dated May 15, 2006, that Prospectus Supplement No. 2 dated June 12, 2006, that Prospectus Supplement No. 3 dated June 29, 2006, that Prospectus Supplement No. 4 dated August 4, 2006, that Prospectus Supplement No. 5 dated August 9, 2006, that Prospectus Supplement No. 6 dated August 30, 2006, that Prospectus Supplement No. 7 dated September 11, 2006, that Prospectus Supplement No. 8 dated September 12, 2006, that Prospectus Supplement No. 9 dated October 2, 2006, that Prospectus Supplement No. 10 dated October 17, 2006, and that Prospectus Supplement No. 11 dated October 20, 2006), or the Prospectus, relating to the offer and sale of up to 7,790,974 shares of our common stock to be issued pursuant to awards granted or to be granted under our 2002 Stock Incentive Plan, or our 2002 Plan, up to 147,510 shares of our common stock to be issued pursuant to our 2002 Employee Stock Purchase Plan, or our 2002 ESPP, and up to 50,309 shares of our common stock which may be offered from time to time by the selling stockholders identified on page 110 of the Prospectus for their own accounts. Each of the selling stockholders named in the Prospectus acquired the shares of common stock upon exercise of options previously granted to them as an employee, director or consultant of Ligand or as restricted stock granted to them as a director of Ligand, in each case under the terms of our 2002 Plan. We will not receive any of the proceeds from the sale of the shares of our common stock by the selling stockholders under the Prospectus. We will receive proceeds in connection with option exercises under the 2002 Plan and shares issued under the 2002 ESPP which will be based upon each granted option exercise price or purchase price, as applicable.

This Prospectus Supplement No. 12 includes the attached Current Report on Form 8-K of Ligand Pharmaceuticals Incorporated dated October 31, 2006, as filed by us with the Securities and Exchange Commission.

This Prospectus Supplement No. 12 should be read in conjunction with, and delivered with, the Prospectus and is qualified by reference to the Prospectus, except to the extent that the information in this Prospectus Supplement No. 12 updates or supersedes the information contained in the Prospectus.

Our common stock is quoted on the Nasdaq Global Market under the symbol LGND. On October 30, 2006, the last reported sale price of our common stock on the Nasdaq Global Market was \$10.84 per share.

Investing in our common stock involves risk. See Risk Factors beginning on page 7 of the Prospectus and beginning on page 52 of Prospectus Supplement No. 5.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the Prospectus or this Prospectus Supplement No. 12 is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 12 is October 31, 2006.

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**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 25, 2006

LIGAND PHARMACEUTICALS INCORPORATED

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation)

000-20720

(Commission File Number)

**10275 Science Center Drive,
San Diego, California**

(Address of principal executive offices)

(858) 550-7500

(Registrant's telephone number, including area code)

77-0160744

(I.R.S. Employer Identification No.)

92121-1117

(Zip Code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On October 25, 2006, Ligand Pharmaceuticals Incorporated (Ligand) entered into a definitive agreement (the Real Estate Purchase Agreement) to sell its corporate headquarters building/land and two adjacent undeveloped parcels of land in Torrey Pines Science Center to Slough Estates USA Inc. (Slough) for an aggregate consideration of \$47.6 million and to lease the building back from Slough.

The Real Estate Purchase Agreement and related contracts have been approved by the board of directors of Ligand. The transaction is subject to payment of an existing mortgage and other customary closing conditions.

Under the terms of the Real Estate Purchase Agreement, Ligand will receive cash of approximately \$35 million, net of fees, expenses, and existing indebtedness. In addition, Ligand has entered into a 15 year lease arrangement with Slough to lease back the building at a rate of approximately \$3 million per year, subject to an annual fixed percentage increase. In addition, Ligand will have the right to extend the term of the lease for two five-year periods under the same terms and conditions as the initial term.

The foregoing description of the Real Estate Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to such agreement which is attached as Exhibit 10.1 and incorporated herein by reference.

The press release announcing this transaction is attached as Exhibit 99.1.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On October 25, 2006, Ligand and Seragen, Inc., a Delaware corporation and wholly-owned subsidiary of Ligand (together with Ligand, the Company), Eisai Inc., a Delaware corporation (Eisai Inc.) and Eisai Co., Ltd., a Japan company (together with Eisai Inc., Eisai), completed the sale to Eisai of assets related to Ligand's marketed oncology product assets pursuant to the Purchase Agreement dated as of September 7, 2006 (the Purchase Agreement). Under the Purchase Agreement, Eisai has acquired all of the Company's worldwide rights in and to the Company's oncology product line (the Product Line), including, among other things, all related inventory, equipment, records and intellectual property, and assume certain liabilities as set forth in the Purchase Agreement (collectively, the

Transaction). The Product Line includes the Company's four marketed oncology drugs: ONTAK, Targretin capsules, Targretin gel and Panretin gel. In addition, Eisai has hired certain of the Company's existing employees and has offered employment to certain other Company employees that support the sale of the Product Line, subject to certain terms and conditions.

Pursuant to the Purchase Agreement, at closing of the Transaction (the Closing), the Eisai paid Ligand \$205 million cash payment (the Closing Payment), \$20 million of which was funded into an escrow account to support any indemnification claims made by Eisai during the first year after the Closing, and Eisai has assumed certain liabilities. The Closing Payment is subject to certain adjustment based upon an agreed target value versus the actual value of the Product Line inventory at Closing, to be determined in accordance with the terms of the Purchase Agreement.

The Closing was subject to certain customary closing conditions, including, but not limited to, expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which occurred as of October 3, 2006.

There were no material relationships between the Company, its affiliates, directors or officers, and Eisai and subsidiaries, other than in respect to the Transaction.

The foregoing description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to such agreement. The Purchase Agreement is filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on September 11, 2006.

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The press release announcing the Closing is attached as Exhibit 99.2. Unaudited pro forma condensed consolidated financial statements showing how the Transaction might have affected historical financial statements if the Transaction had been consummated in prior periods are attached as Exhibit 99.3.

Item 8.01. Other Events.

On October 30, 2006, the Company announced that it had given notice of redemption to the noteholders of its 6% convertible subordinated notes due November 2007. The redemption date of the Notes has been set for November 29, 2006.

The noteholders may elect to receive cash in the redemption or convert the 6% notes, on or before November 29, 2006 into shares of the company's common stock at a conversion rate of 161.9905 shares per \$1,000 principal amount of the notes. The Company expects the majority notes will convert into shares of Ligand common stock in lieu of cash. The conversion price for the notes is approximately \$6.17 per share. Approximately \$128.15 million of principal amount of the notes remains outstanding and may be converted into approximately 20.8 million shares of common stock. The Company will pay the holders of those notes that are not converted into shares a redemption price equal to 101.2 % of the outstanding principal amount plus accrued and unpaid interest.

The Company issued \$155.25 million principal amount of its 6% convertible subordinated notes in November 2002. The terms of the 6% notes give the Company the right to provide a notice of redemption to noteholders after November 22, 2005.

The press release announcing the redemption is attached as Exhibit 99.4.

Item 9.01. Financial Statements And Exhibits

(b) Unaudited pro forma condensed consolidated financial information

Unaudited pro forma condensed consolidated financial information as of, and for the years ended, December 31, 2005, 2004 and 2003 and the six months ended June 30, 2006, is attached hereto as Exhibit 99.3 and incorporated herein by reference

(d) Exhibits

EXHIBIT NUMBER	DESCRIPTION
10.1	Purchase Agreement and Escrow Instructions by and between Nexus Equity VI, LLC, a California Limited Liability Company, and Ligand Pharmaceuticals Incorporated, a Delaware Corporation and Slough Estates USA Inc., a Delaware Corporation dated October 25, 2006
99.1	Press release of the Company dated October 26, 2006 (Real Estate sale)
99.2	Press release of the Company dated October 25, 2006 (Eisai Closing)
99.3	Unaudited pro forma condensed consolidated financial information as of, and for the years ended, December 31, 2005, 2004 and 2003 and the six months ended June 30, 2006
99.4	Press release of the Company dated October 30, 2006 (Notes Redemption)

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned.

LIGAND PHARMACEUTICALS
INCORPORATED

Date : October 31, 2006

By: /s/ Warner R. Broaddus
Name: Warner R. Broaddus
Title: Vice President, General Counsel &
Secretary

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EXHIBIT 10.1

PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS
BY AND BETWEEN
NEXUS EQUITY VI, LLC, a California limited liability company, and
LIGAND PHARMACEUTICALS INCORPORATED, a Delaware corporation
(collectively, Seller)
and
SLOUGH ESTATES USA INC., a Delaware corporation
(Buyer)

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PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS

This PURCHASE AGREEMENT AND ESCROW INSTRUCTIONS (Agreement) is made and effective as of October 25, 2006 (Effective Date), by and between Seller and Buyer and constitutes (i) a contract of purchase and sale between the parties and (ii) escrow instructions to Escrow Agent.

BASIC TERMS

The following Basic Terms are applied under and governed by the particular Sections in this Agreement addressing the matters below:

1. Seller: Nexus Equity VI, LLC, a California limited liability company (Nexus), and Ligand Pharmaceuticals Incorporated, a Delaware corporation (Ligand) (Nexus and Ligand are collectively Seller)
2. Buyer: Slough Estates USA Inc., a Delaware corporation
3. Property: All real property and improvements (including buildings containing approximately 82,500 square feet) known as 10275 Science Center Drive (Improved Lot), 10265 Science Center Drive (Lot 14), and 10285 Science Center Drive (Lot 16), as more fully described in Section 1.2 hereof.
4. Purchase Price: Forty-Seven Million Six Hundred Forty-Two Thousand Five Hundred Eighty Dollars (\$47,642,580)

Initial Deposit: Five Hundred Thousand Dollars (\$500,000)
Additional Deposit: Five Hundred Thousand Dollars (\$500,000)
5. Due Diligence Period: Expires upon execution and delivery of this Agreement by Buyer.
6. Closing Date: November 9, 2006, subject to extension as set forth in Section 6.1.
7. Escrow Agent: Chicago Title Company
8. Title Company: Chicago Title Company

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9. Broker: Burnham Real Estate (Lynn LaChapelle, Robert Prendergast, Brent Jacobs, Greg Visconti and Brian Cooper) for Seller, and Burnham Real Estate (Jed Stirncorb) for Buyer

10. Addresses for Notices:

To Seller at its business office: Nexus Equity VI, LLC, and
Ligand Pharmaceuticals
10275 Science Center Drive
San Diego, CA 92121
Attn: Chief Financial Officer
Telephone No.: (858) 550-7500
Facsimile No.: (858) 550-7506

With a copy to: Luce, Forward, Hamilton & Scripps LLP
600 West Broadway, Suite 2600
San Diego, CA 92101-3391
Attn: Robert D. Buell, Esq.
Telephone No.: (619) 699-2539
Facsimile No.: (619) 645-5337

To Buyer at its business office: Slough Estates USA Inc.
400 Oyster Point Boulevard, Suite 409
South San Francisco, CA 94080
Attn: Jonathan M. Bergschneider
Telephone No.: (650) 875-1002
Facsimile No.: (650) 875-1003

With a copy to: Bell, Boyd & Lloyd
70 West Madison Street, Suite 3300
Chicago, Illinois 60602-4207
Attn: Andrew Andreasik, Esq.
Telephone No.: (312) 807-4385
Facsimile No.: (312) 827-8042

If to Escrow Agent to: Chicago Title Company
701 B Street, Suite 1700
San Diego, CA 92101
Attn: Renee Marshall
Telephone No.: (619) 744-4408
Facsimile No.: (619) 544-6229

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ARTICLE 1

AGREEMENT OF PURCHASE AND SALE

1.1 Agreement for Purchase and Sale. In consideration of Buyer's payment of the Purchase Price to Seller and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller agrees to sell the Property to Buyer and Buyer agrees to purchase the Property from Seller on the terms and conditions set forth in this Agreement.

1.2 Property. The Property to be conveyed by Seller pursuant to this Agreement consists of (a) one (1) building containing approximately 82,500 square feet (the Building) and the land on which the Building is situated, located at 10275 Science Center Drive, San Diego, California (Improved Lot), and (b) two (2) adjacent parcels of land, one located at 10265 Science Center Drive, San Diego, California (Lot 14), and one located at 10285 Science Center Drive, San Diego, California (Lot 16). Lot 14 and Lot 16 are sometimes collectively referred to herein as the Vacant Lots. The legal description of the Improved Lot and the Vacant Lots is more particularly described in Exhibit A attached hereto (the Land). In addition to the Land, the Property to be conveyed hereunder also includes the following:

1.2.1 Improvements on the Land. The Building and other improvements currently located on the Land (Improvements).

1.2.2 Fixtures on the Land. All right, title and interest of Seller in and to any equipment, machinery or other property which is affixed to the Improvements so as to constitute fixtures under California law on the date of Closing (Fixtures), and with the Land, Improvements and Fixtures collectively referred to in this Agreement as the Real Property.

1.2.3 Personal Property. All right, title and interest of Seller, if any, in and to all tangible personal property now existing and located upon the Real Property as of the date of Closing, if any, to be conveyed pursuant to the Bill of Sale attached to this Agreement as Exhibit B (Bill of Sale); Buyer and Seller agree that no service contracts in effect as of the date hereof or executed subsequent to the date hereof in accordance with provisions of Section 4.5 below are being assigned to Buyer; and all other intangible property rights described in the Assignment of Warranties and General Intangibles (General Assignment) attached to this Agreement as Exhibit D (collectively the Personal Property). The Real Property and Personal Property are collectively referred to herein as the Property.

1.3 Opening of Escrow. Upon the execution of this Agreement, the parties shall open escrow by delivering three (3) originals of this Agreement to Escrow Agent. No later than one (1) Business Day after receipt of this Agreement, Escrow Agent shall execute the Consent of Escrow Agent attached to this Agreement and return one (1) original to Seller's counsel and one (1) original to Buyer's counsel at the address specified in the Basic Terms.

1.4 Payment of the Purchase Price. The Purchase Price will be paid by Buyer to Seller in accordance with the provisions set forth below.

1.4.1 Buyer's Initial Deposit. Prior to the Effective Date and pursuant to that certain letter of intent dated September 21, 2006, between Buyer and Seller (LOI), Buyer has

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already delivered to Escrow Agent the Initial Deposit. The Initial Deposit shall be in immediately available federal funds by wire transfer to Escrow Agent.

1.4.2 Buyer's Additional Deposit. Buyer will, not later than one (1) Business Day after Buyer's delivery of a Notice of Approval under Section 2.1 of this Agreement, deliver Buyer's Additional Deposit to Escrow Agent in immediately available federal funds by wire transfer. The failure of Buyer to timely deliver the Additional Deposit shall constitute a material default by Buyer under this Agreement. Within one (1) Business Day after Escrow Agent receives the Additional Deposit, Escrow Agent shall release and pay to Seller the Initial Deposit and the Additional Deposit (which shall collectively be the Deposit) without the requirement of further instruction from either Buyer or Seller.

1.4.3 Applicability of Deposit. If Escrow closes for the Property, Buyer's Deposit shall be applicable to the Purchase Price. Until released to Seller, the Deposit (and any portion thereof held by Escrow Agent) shall be deposited by Escrow Agent in an interest bearing account with a federally insured state or national bank (Account) located in California and all interest accrued on the Deposit shall be held in the Account and credited to Buyer at Closing if Buyer acquires the Property.

1.4.4 Disposition of Buyer's Deposit Upon Termination of this Agreement. If Buyer disapproves or is deemed to have disapproved of the Property during its Due Diligence Period pursuant to Section 2.1 of this Agreement, Buyer shall be entitled to a refund of Buyer's Initial Deposit and all interest earned thereon. Upon Buyer's delivery of a Notice of Approval, Buyer's Deposit shall be nonrefundable (unless Buyer's performance is excused hereunder by reason of Seller's breach, the failure of a condition precedent not within Buyer's control, or as otherwise set forth herein, in which event the Deposit shall be refunded to Buyer by Escrow Agent or Seller, as the case may be), and shall constitute liquidated damages to Seller pursuant to Section 10.2 of this Agreement if Escrow fails to close due to Buyer's default. Upon any termination of this Agreement and subject to the payment of liquidated damages as described herein, each party shall be released from any further obligations under this Agreement, except that (i) Buyer shall be required to deliver all originals of any Property Documents back to Seller and to destroy all copies of any Property documents in Buyer's possession, and (ii) Buyer's indemnification obligations under Section 2.5 of this Agreement will survive such termination (Surviving Obligations).

1.5 Balance of Purchase Price. Not less than one (1) Business Day before the Closing Date, Buyer shall deposit into Escrow in immediately available federal funds by wire transfer, an amount equal to the Purchase Price, less the amount of the Buyer's Deposit and as adjusted by the amount of any credits due or any items chargeable to Buyer under this Agreement.

1.6 Allocation of Purchase Price. The Purchase Price shall be allocated, for transfer tax, title insurance, and other purposes, as follows: Thirty-Eight Million Three Hundred Forty-Two Thousand Five Hundred Eighty Dollars (\$38,342,580) for the Improved Lot, Six Million Dollars (\$6,000,000) for Lot 14, and Three Million Three Hundred Thousand Dollars (\$3,300,000) for Lot 16.

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**ARTICLE 2
DUE DILIGENCE PERIOD**

2.1 Due Diligence Period. Prior to the execution hereof, Buyer and its agents, employees, representatives, contractors and consultants have entered onto the Property pursuant to and according to the terms, provisions, and conditions of that certain Access Agreement dated September 21, 2006, by and between Seller and Buyer which is attached as Exhibit F and incorporated herein by this reference (Access Agreement). To the extent there is any conflict between the terms and provisions of the Access Agreement and the terms and provisions of this Agreement, including without limitation the confidentiality provisions, the terms and provisions of this Agreement shall control. By execution hereof, Buyer represents, warrants, and acknowledges to Seller that Buyer is undertaking any and all investigations, inspections, tests and studies which Buyer deems necessary to determine the feasibility of its acquisition of the Property (hereinafter collectively referred to as Tests and Studies). Such Tests and Studies include, without limitation, an investigation and review of all matters that Buyer deems relevant to its proposed acquisition of the Property, including, without limitation: (a) the status of title; (b) the physical condition of the Property, including applicable geologic, environmental, physical, mechanical, structural and seismic conditions and all other aspects regarding the condition of the Property, including, without limitation, whether and to what extent the Property complies with applicable building codes and other laws; (c) the economic feasibility of operating the Property; (d) the terms of the Service Contracts; (e) the results of any reports, studies, or survey commissioned by Buyer; (f) the content of the Property Documents (as defined below); (g) the content and force and effect of any warranties; (h) the presence of any Hazardous Materials (as defined below); and (i) all physical, mechanical, structural, seismic and all other issues relating to the Property and Buyer's decision whether or not to acquire the Property. Prior to expiration of the Due Diligence Period, if Buyer has approved of its investigations, studies and analyses of the Property, Buyer shall deliver to Escrow Agent and Seller written approval of its investigations regarding the Property (Notice of Approval), which shall constitute Buyer's acknowledgment and agreement that Buyer has conducted all investigations regarding the Property and has approved of its investigations, the Property Documents, all other matters relating to the Property, and has elected to purchase the Property, subject to the terms of this Agreement. The failure of Buyer to timely deliver a Notice of Approval, together with Buyer's Additional Deposit, or notice of disapproval prior to the expiration of the Due Diligence Period will be deemed to be Buyer's disapproval of its investigations during such Due Diligence Period, and in such case this Agreement shall terminate and each party shall be released from its obligations under this Agreement except the Surviving Obligations. Notwithstanding anything to the contrary in this Agreement, the execution and delivery to each other of this Agreement by Buyer and Seller shall constitute Buyer's Notice of Approval.

2.2 Access Agreement. The Access Agreement, as incorporated herein, shall continue in full force and effect except that (i) Subsection (b) of Section 7 of the Access Agreement is hereby deleted in its entirety, and (ii) Subsection (c) of Section 7 is hereby modified by deleting the phrase October 11, 2006, and inserting in lieu thereof the phrase October 25, 2006.

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2.3 Preliminary Report. No later than three (3) days after the Effective Date, Seller shall cause the Title Company to deliver to Buyer a copy of a preliminary report and copies of any recorded exceptions listed in the preliminary report with respect to the Real Property (collectively Preliminary Report). Buyer shall, within ten (10) business days after receipt of the Preliminary Report (Initial Title Notice Date), deliver to Seller and Escrow Agent notice of its approval or disapproval of the items set forth in the Preliminary Report (Title Notice). The failure of Buyer to deliver a Title Notice on or before the Initial Title Notice Date with respect to the Preliminary Report, or with respect to a Supplemental Report within the earlier of (a) three (3) Business Days after receipt or (b) the Closing Date, shall constitute Buyer's approval thereof. If Buyer delivers a Title Notice disapproving of any exceptions, Seller may elect to remove, cure or cause the Title Company to affirmatively insure around the disapproved items at or prior to the Close of Escrow by delivering written notice thereof to Buyer within five (5) Business Days after receipt of Buyer's Title Notice. Notwithstanding the foregoing, Seller will be obligated to cause Title Company to issue a Buyer Title Policy (as defined in Section 3.2.1 below) to Buyer without an exception for any deeds of trust, mortgages, broker's liens, judgment liens, mechanics liens and materialmen's liens or other liens which can be discharged monetarily. If Seller does not deliver such notice to Buyer, Seller will be deemed to have elected not to cure the disapproved item. If Seller elects not to cure any disapproved items or is deemed to have elected not to cure any disapproved items, Buyer shall elect, within five (5) days after receipt of Seller's notice of its election not to cure or within five (5) days after Seller's deemed election not to cure, to waive its prior disapproval or terminate this Agreement, in which case Escrow Agent shall within one (1) Business Day thereafter, return to Buyer, Buyer's Initial Deposit, including all interest earned thereon and, if deposited, Buyer's Additional Deposit, including all interest earned thereon. If Seller has elected to cure any disapproved items, but fails to cure such matter on or prior to the scheduled Closing Date, Buyer shall have the right, by providing written notice to Seller and to Escrow Agent within three (3) days after the scheduled Closing Date (and escrow and the Closing Date shall be extended accordingly) to either (i) waive such disapproved items, or (ii) terminate this Agreement, receive a refund of the Buyer's Deposit and all interest earned thereon and collect from Seller out-of-pocket expenses incurred by Buyer in accordance with Section 10.3 hereof. Buyer agrees that it will take title to the Property subject to the items set forth in the Preliminary Report and any Supplemental Reports which are approved or deemed approved by Buyer pursuant to the terms of this Section, matters referred in the Deed (as defined below), all matters apparent or that would be disclosed by an inspection of all or any portion of the Property, and the items set forth in Section 3.2.1 below (collectively Permitted Exceptions).

2.4 Supplemental Report. Upon any changes to the Preliminary Report, Escrow Agent will deliver to Buyer a Supplemental Preliminary Report setting forth any new items not previously included in the Preliminary Report or deleting any items previously included, together with copies of any recorded exceptions listed therein (Supplemental Report). Buyer's approval of any Supplemental Report shall not be unreasonably withheld. The parties agree that it shall be unreasonable for Buyer to withhold its approval to any item which will not have material adverse impact on Buyer's ability to use, operate and develop the Property subject to the Supplemental Report item.

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2.5 Property Documents. Pursuant to the Access Agreement, prior to the Effective Date Seller has provided to Buyer copies of documents and information in Seller's possession relating to the Property, excluding Seller's internal financial analysis, Seller's credit analysis and collection plans, materials relating to Seller's cost to acquire the Property, appraisals of the Property, documents relating to Seller's financing of the Property, and any documents and communications subject to the attorney/client privilege, as listed on Exhibit A-1 attached hereto (the Property Documents). It is understood by the Parties that neither Seller nor anyone acting for or on behalf of Seller has made or is making any representation or warranty, express or implied, as to the accuracy of any information contained in the Property Documents. The Property Documents delivered by Seller (including any updates or new Property Documents delivered prior to the Close of Escrow) are being made available solely as an accommodation to Buyer and Seller makes no representation or warranty regarding the authenticity, source, accuracy, completeness or thoroughness of the Property Documents. Seller shall have no liability to Buyer for any inaccuracy or omission in such Property Documents. With the exception of any Claims against any of the Seller Parties for fraud or intentional misrepresentation, Buyer waives any claims, actions, causes of action, suits, liens, demands, liabilities, damages, costs, penalties, forfeitures, losses or expenses, including attorneys' fees (collectively Claims) of any nature against Seller and its members, partners, managers, officers, directors, owners, employees or agents (the Seller Parties) and any other person or entity, if any information, conclusion, projection, or other statement of any nature contained in any of those materials should prove not to be true, complete or accurate for any reason or in any manner.

2.6 On-Site Inspections of the Property. Pursuant to the Access Agreement, Buyer shall have the right to enter onto the Property during the Due Diligence Period to conduct its investigations.

ARTICLE 3

CONDITIONS PRECEDENT TO THE CLOSE OF ESCROW

3.1 Seller's Conditions Precedent. The following shall constitute conditions precedent to the Close of Escrow for the Property for the benefit of Seller, which conditions must either be satisfied as a condition to Seller's obligation to sell the Property to Buyer or may be waived by a written waiver executed by Seller and delivered to Buyer and Escrow Agent prior to the Closing Date.

3.1.1 Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the date made and as of the Close of Escrow.

3.1.2 Covenants. Buyer shall have performed and satisfied all agreements and covenants required hereby to be performed by Buyer prior to the Close of Escrow.

3.1.3 Existing Financing. At Closing, Seller shall have repaid or obtained the reconveyance of the deed of trust encumbering title to the Building and Improved Lot, security a loan from Tokai Bank to Nexus.

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3.1.4 Lease. The Lease by and between Buyer, as landlord, and Ligand, as tenant, in the form attached hereto as Exhibit G (Lease) shall become effective as of Closing.

3.1.5 Agreement for Right to Lease. The Agreement for Right to Lease by and between Buyer and Ligand in the form attached hereto as Exhibit H (Right to Lease) shall become effective as of Closing.

3.1.6 Improved Lot Title Policy. Title Company shall be committed to issue an ALTA leasehold policy of title insurance in favor of Ligand, insuring Ligand's leasehold estate pursuant to the Lease with no monetary encumbrances senior or prior to such leasehold estate, in an amount selected by Ligand (Improved Lot Title Policy).

3.1.7 Lot 14 Title Policy. Title Company shall be committed to issue an ALTA optionee policy of title insurance in favor of Ligand, insuring Ligand's interest in Lot 14 pursuant to the Right of First Refusal, with no monetary encumbrances senior or prior to such interest, in an amount selected by Ligand (Lot 14 Title Policy).

3.2 Buyer's Conditions Precedent. The following shall constitute conditions precedent to the Close of Escrow for the Property for the benefit of Buyer, which conditions must either be satisfied as a condition to Buyer's obligation to purchase the Property from Seller or may be waived by a written waiver executed by Buyer and delivered to Seller and Escrow Agent prior to the Closing Date.

3.2.1 Conveyance of Title. The Title Company shall be committed to issue a CLTA standard title policy (the Buyer Title Policy) in an amount equal to the Purchase Price of the Property, showing Buyer taking title to the Property subject to: (a) all county and city taxes, assessments, special taxes and bonds which are a lien not yet delinquent, (b) Permitted Exceptions; (c) the Lease as to the Improved Lot; (d) the Right of First Refusal as to Lot 14; and (e) title exceptions caused by the acts or omissions of Buyer. If Buyer requests an ALTA extended title policy, Buyer will be solely responsible to provide an ALTA survey, if necessary. In no event will obtaining a survey or such extended policy be a condition to Closing or extend or delay the Closing. After the expiration of Buyer's Due Diligence Period, Buyer shall not have the right to terminate this Agreement as a result of any items appearing in any ALTA survey or inspection or any new item appearing in a Supplemental Report as a result of the ALTA survey or inspection, unless caused by Seller or any Seller Party.

3.2.2 Seller's Due Performance. All of the representations and warranties of Seller set forth in this Agreement shall be true and correct in all material respects as of the Effective Date and the Close of Escrow.

3.2.3 Covenants. Seller shall have performed and satisfied all agreements and covenants required hereby to be performed by Seller prior to the Close of Escrow.

3.3 Failure of Conditions Precedent in Favor of Buyer. In addition to Buyer's rights under Section 10.3 below with respect to a default by Seller, if any of the foregoing conditions precedent are neither satisfied nor waived by Buyer by the Closing Date, Buyer may terminate the Escrow and this Agreement by giving a written notice of termination to Seller and

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Escrow Agent, and the Deposit, and all interest earned thereon, shall be immediately returned to Buyer. Upon the Close of Escrow, the foregoing conditions precedent shall be deemed satisfied or waived.

ARTICLE 4

COVENANTS AND AGREEMENTS

4.1 Delivery of Property Documents. If Escrow fails to close for any reason, Buyer shall deliver all originals of the Property Documents to Seller within three (3) days of the scheduled Closing and destroy all copies of the Property Documents in Buyer's possession.

4.2 Property Service Contracts. Buyer agrees and acknowledges that the Property is currently subject to the certain Service Contracts as identified on Schedule 2 of Exhibit C which will, if requested by Buyer, be assigned and transferred to Buyer and assumed by Buyer as described in and pursuant to the provisions of Exhibit C. Any Service Contracts not desired to be assumed by Buyer shall be terminated by Seller prior to the Close of Escrow provided Buyer provides Seller written notice of such election prior to the end of the Due Diligence Period.

4.3 Reimbursement. Should Buyer, either prior to or subsequent to the Close of Escrow, receive any credit, rebate, reimbursement or reduction in amounts otherwise payable by Buyer as a result of any fees, deposits or charges previously paid by Seller or as a result of any work performed or obligation assumed by Seller or any deposits made by Seller to any governmental agency, such amounts shall be due and payable by Buyer to Seller within ten (10) days after receipt of such amounts by Buyer. If any such amounts due under this Section are not paid to Buyer, Buyer covenants and agrees that it will cooperate (at no cost or liability to Buyer) with Seller and complete any applications and an assignment of rights to receive credits required in order for Seller to obtain reimbursement of such amounts. The rights and obligations set forth in this Section shall be mutual and shall be deemed to run in favor of Buyer in the event Seller should receive any credit, rebate, reimbursement or reduction in amounts otherwise payable by Seller. All credits, rebates, reimbursements, fees or other amounts described in this Section shall be collectively referred to as the Reimbursable Fees.

4.4 Natural Hazards Disclosures. As used herein, the term Natural Hazard Area shall mean those areas identified as natural hazards in the Natural Hazard Disclosure Act, California Government Code Sections 8589.3, 8589.4, and 51183.5, and California Public Resources Code Sections 2621.9, 2694, and 4136, and any successor statutes or laws (the Act). Buyer acknowledges that prior to the Effective Date, Seller has provided to Buyer a Natural Hazard Disclosure Statement (Disclosure Statement). Buyer acknowledges that Seller retained the services of the Title Company or its affiliate to examine the maps and other information made available to the public by government agencies for the purpose of enabling Seller to fulfill its disclosure obligations with respect to the Act and to prepare a written report of the result of its examination (the Report), which Report was delivered to Buyer along with the Disclosure Statement. Buyer acknowledges that the Report will fully and completely discharge Seller from its disclosure obligations under the Act, and, for the purpose of this Agreement, the provisions of Civil Code Section 1103.4 regarding the non-liability of Seller for errors or omissions not within its personal knowledge shall be deemed to apply. Buyer acknowledges and agrees that the

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matters set forth in the Disclosure Statement or Report may change on or prior to the Close of Escrow and that unless Seller receives information concerning a change to the matters set forth in the Disclosure Statement, Seller has no obligation to update, modify, or supplement the Disclosure Statement or Report.

4.5 Operations. Seller shall continue to operate the Project in materially the same manner as it has prior to the Effective Date. After the Effective Date, Seller shall not enter into any binding occupancy agreements or Service Contracts without Buyer's prior written consent, which consent may be given or withheld in Buyer's sole and absolute discretion.

ARTICLE 5

AS-IS PURCHASE AND REPRESENTATIONS AND WARRANTIES

5.1 Survival of Disclaimers and Indemnity. The provisions of this Article 5 shall survive Close of Escrow or any termination of this Agreement and shall not be merged with the Deed or any other closing documents.

5.2 Buyer's Independent Investigations Regarding Property. Buyer, by its execution of this Agreement, acknowledges that it has made or will make its own independent investigations as deemed necessary or appropriate concerning the ownership, use, condition, development or suitability of the Property, including, without limitation, any desired investigation or analysis of present or future laws, statutes, rules, regulations, ordinances, limitations, restrictions or requirements concerning the use, density, location or suitability of the Property, the condition of the Property and the Improvements, the status of the land use approvals for the Property, any income to be derived from the Property, the presence or absence of Hazardous Materials on, within and adjacent to the Property, the location of the Property within any Natural Hazard Areas, the economic value of the Property, the adequacy of access to the Property, water, sewage and utilities servicing the Property, the presence or adequacy of infrastructure near or concerning the Land, any surface soil, subsoil, geologic or groundwater conditions or other physical conditions affecting the Property and the status of any existing, pending or future entitlements and/or the necessity or existence of any fees, dedications, charges or costs or future regulations relating to the Property or whether any approvals or permits may be required or granted, compliance of the Property or its operation with any law, ordinance, rule, regulation or any other matter relating to the Property (collectively with the matters described in Section 5.4 below, the Property Conditions).

5.3 Hazardous Materials. Certain California and federal laws, including the Comprehensive Environmental Response Compensation & Liability Act of 1980 (CERCLA), 42 U.S.C. Section 9601 et seq., and California Health & Safety Code Section 25359.7, require sellers of certain real estate to disclose the existence of Hazardous Materials located on or beneath the property being transferred. To satisfy such obligations under any and all applicable laws, ordinances, rules and regulations, Seller, on behalf of itself and the Seller Parties has provided to Buyer the Disclosure Statement. Subject to Seller's representations and warranties in this Agreement, Buyer acknowledges and agrees (i) that Seller has not made any representations or warranties regarding the Property Documents or the Disclosure Statement, and (ii) that Seller shall have no liability for any of the soil, environmental or structural conditions or

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any other conditions or matters described in any Property Documents or the Disclosure Statement, or otherwise. Seller agrees that Buyer shall have the right to retain its own consultants and experts to conduct its own inspections and examinations of the Property and all matters relating to the Property pursuant to the Access Agreement. By its execution of this Agreement, subject to Seller's representations and warranties in this Agreement, Buyer (1) acknowledges its receipt of the Disclosure Statement given pursuant to Section 25359.7 of the California Health and Safety Code and that it is aware of the benefits conferred to Buyer by Section 1542 of the California Civil Code and the risks it assumes by any waiver of its benefits thereunder; (2) is fully aware of or prior to the expiration of the Due Diligence Period will be fully aware of the matters described in the Property Documents; and (3) after receiving advice of its legal counsel, waives any and all rights or remedies whatsoever, express or implied, Buyer may have against Seller, including remedies for actual damages under Section 25359.7 of the California Health and Safety Code, arising out of or resulting from any unknown, unforeseen or unanticipated presence or releases of Hazardous Substances or other Hazardous Substances from or on the Property. Notwithstanding anything to the contrary contained herein, nothing in this Section 5.3 shall limit, waive, amend, modify or negate any obligation or liability of Ligand or any other Seller Party pursuant to the Lease, which Lease provisions are intended to be a narrow exception to the provisions of this Agreement. The provisions of this paragraph shall survive the Close of Escrow and shall not be merged with the Deed.

5.4 AS IS CONDITION. BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT, AND SUBJECT TO THE SPECIFIC TERMS OF THE LEASE, SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO: (I) THE VALUE OF ALL OR PART OF THE PROPERTY; (II) THE INCOME TO BE DERIVED FROM THE PROPERTY; (III) THE SPECIFIC TERMS AND PROVISIONS OF ANY OCCUPANCY AGREEMENTS; (IV) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY CONDUCT THEREON, INCLUDING THE POSSIBILITIES FOR FUTURE DEVELOPMENT OF THE PROPERTY; (V) THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY; (VI) THE MANNER, QUALITY, STATE OF REPAIR OR LACK OF REPAIR OF THE PROPERTY; (VII) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, INCLUDING, WITHOUT LIMITATION, THE WATER, SOIL AND GEOLOGY; (VIII) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES OR REGULATIONS OF ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (IX) THE MANNER OR QUALITY OF THE CONSTRUCTION OR MATERIALS, IF ANY, INCORPORATED INTO THE PROPERTY; (X) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATION, ORDERS OR REQUIREMENTS, INCLUDING BUT NOT LIMITED TO, TITLE III OF THE AMERICANS WITH DISABILITIES ACT OF 1990, CALIFORNIA HEALTH & SAFETY CODE, THE FEDERAL WATER POLLUTION CONTROL ACT, THE FEDERAL RESOURCE CONSERVATION AND RECOVERY ACT,

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THE U.S. ENVIRONMENTAL PROTECTION AGENCY REGULATIONS AT 40 C.F.R., PART 261, THE COMPREHENSIVE ENVIRONMENTAL RESPONSE, COMPENSATION AND LIABILITY ACT OF 1980, AS AMENDED, THE RESOURCE CONSERVATION AND RECOVERY ACT OF 1976, THE CLEAN WATER ACT, THE SAFE DRINKING WATER ACT, THE HAZARDOUS MATERIALS TRANSPORTATION ACT, THE TOXIC SUBSTANCE CONTROL ACT, AND REGULATIONS PROMULGATED UNDER ANY OF THE FOREGOING; (XI) THE PRESENCE OR ABSENCE OF HAZARDOUS SUBSTANCES AT, ON, UNDER, OR ADJACENT TO THE PROPERTY; (XII) THE CONTENT, COMPLETENESS, OR ACCURACY OF THE PROPERTY DOCUMENTS; (XIII) THE CONFORMITY OF THE IMPROVEMENTS TO ANY PLANS OR SPECIFICATIONS FOR THE PROPERTY, INCLUDING ANY PLANS AND SPECIFICATIONS THAT MAY HAVE BEEN OR MAY BE PROVIDED TO BUYER; (XIV) THE CONFORMITY OF THE PROPERTY TO PAST, CURRENT OR FUTURE APPLICABLE ZONING OR BUILDING REQUIREMENTS; (XV) DEFICIENCY OF ANY UNDERSHORING; (XVI) DEFICIENCY OF ANY DRAINAGE; (XVII) THE FACT THAT ALL OR A PORTION OF THE PROPERTY MAY BE LOCATED ON OR NEAR AN EARTHQUAKE FAULT LINE; (XVIII) THE EXISTENCE OF VESTED LAND USE, ZONING OR BUILDING ENTITLEMENTS AFFECTING THE PROPERTY; OR (XIX) WITH RESPECT TO ANY OTHER MATTER OTHER THAN AS SET FORTH IN THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NOTHING IN THIS SECTION 5.4 SHALL LIMIT, WAIVE, AMEND, MODIFY OR NEGATE ANY OBLIGATION OR LIABILITY OF LIGAND OR ANY OTHER SELLER PARTY PURSUANT TO THE LEASE, WHICH LEASE PROVISIONS ARE INTENDED TO BE A NARROW EXCEPTION TO THE PROVISIONS OF THIS AGREEMENT.

5.5 BUYER'S WAIVER AND RELEASE. AS PART OF BUYER'S AGREEMENT TO PURCHASE AND ACCEPT THE PROPERTY AS-IS WHERE-IS, AND NOT AS A LIMITATION ON SUCH AGREEMENT, BUT SUBJECT TO BUYER'S RIGHT TO RELY ON SELLER'S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, AND SUBJECT TO THE SPECIFIC TERMS OF THE LEASE, BUYER HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY AND ALL ACTUAL OR POTENTIAL RIGHTS BUYER MIGHT HAVE REGARDING ANY FORM OF WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND OR TYPE, RELATING TO THE PROPERTY, THE PROPERTY CONDITIONS, OR ANY OF THE MATTERS REFERRED TO IN SECTION 5.4 ABOVE. SUCH WAIVER IS ABSOLUTE, COMPLETE, TOTAL AND UNLIMITED IN ANY WAY. SUCH WAIVER INCLUDES, BUT IS NOT LIMITED TO, A WAIVER OF EXPRESS WARRANTIES, IMPLIED WARRANTIES, WARRANTIES OF FITNESS FOR A PARTICULAR USE, WARRANTIES OF MERCHANTABILITY, WARRANTIES OF HABITABILITY, STRICT LIABILITY RIGHTS, AND CLAIMS, LIABILITIES, DEMANDS OR CAUSES OF ACTION OF EVERY KIND AND TYPE, WHETHER STATUTORY, CONTRACTUAL OR UNDER TORT PRINCIPLES, AT LAW OR IN EQUITY, INCLUDING, BUT NOT LIMITED TO, CLAIMS REGARDING DEFECTS WHICH MIGHT HAVE BEEN DISCOVERABLE, CLAIMS REGARDING DEFECTS WHICH WERE NOT OR ARE NOT DISCOVERABLE, PRODUCT LIABILITY CLAIMS, PRODUCT LIABILITY TYPE CLAIMS, ALL OTHER EXISTING OR LATER CREATED OR CONCEIVED OF STRICT LIABILITY OR STRICT LIABILITY TYPE

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CLAIMS AND RIGHTS, AND ANY CLAIMS UNDER CERCLA. EFFECTIVE UPON THE CLOSING DATE, AND TO THE FULLEST EXTENT PERMITTED BY LAW, BUT SUBJECT TO BUYER S RIGHT TO RELY ON SELLER S EXPRESS REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, BUYER HEREBY RELEASES, DISCHARGES AND FOREVER ACQUITS EACH SELLER AND EACH OF THE SELLER PARTIES AND THE SUCCESSOR OF EACH AND EVERY ONE OF THEM FROM ALL DEMANDS, CLAIMS, LIABILITIES, OBLIGATIONS, COSTS AND EXPENSES WHICH BUYER MAY SUFFER OR INCUR RELATING TO THE PROPERTY, THE PROPERTY CONDITIONS OR ANY OTHER ASPECT OF THE PROPERTY. AS PART OF THE PROVISIONS OF THIS SECTION, BUT NOT AS A LIMITATION THEREON, BUYER HEREBY AGREES, REPRESENTS AND WARRANTS THAT THE MATTERS RELEASED HEREIN ARE NOT LIMITED TO MATTERS WHICH ARE KNOWN OR DISCLOSED, AND BUYER HEREBY WAIVES ANY AND ALL RIGHTS AND BENEFITS WHICH IT NOW HAS, OR IN THE FUTURE MAY HAVE CONFERRED UPON IT, BY VIRTUE OF THE PROVISIONS OF FEDERAL, STATE OR LOCAL LAW, RULES OR REGULATIONS, INCLUDING WITHOUT LIMITATION, SECTION 1542 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA, WHICH PROVIDES AS FOLLOWS:

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

/s/ JMB /s/
ML

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IN THIS CONNECTION AND TO THE EXTENT PERMITTED BY LAW, BUYER HEREBY AGREES, REPRESENTS AND WARRANTS THAT BUYER REALIZES AND ACKNOWLEDGES THAT FACTUAL MATTERS NOW UNKNOWN TO IT MAY HAVE GIVEN OR MAY HEREAFTER GIVE RISE TO CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, COSTS, LOSSES AND EXPENSES WHICH ARE PRESENTLY UNKNOWN, UNANTICIPATED AND UNSUSPECTED, AND BUYER FURTHER AGREES, REPRESENTS AND WARRANTS THAT THE WAIVERS AND RELEASES HEREIN HAVE BEEN NEGOTIATED AND AGREED UPON IN LIGHT OF THAT REALIZATION AND THAT BUYER NEVERTHELESS HEREBY INTENDS TO RELEASE, DISCHARGE AND ACQUIT SELLER FROM ANY SUCH UNKNOWN CAUSES OF ACTION, CLAIMS, DEMANDS, DEBTS, CONTROVERSIES, DAMAGES, COSTS, LOSSES AND EXPENSES WHICH MIGHT IN ANY WAY BE INCLUDED IN THE WAIVERS AND MATTERS RELEASED AS SET FORTH IN THIS SECTION. THE PROVISIONS OF THIS SECTION ARE MATERIAL AND INCLUDED AS A MATERIAL PORTION OF THE CONSIDERATION GIVEN TO SELLER BY BUYER IN EXCHANGE FOR SELLER S PERFORMANCE HEREUNDER. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NOTHING IN THIS SECTION 5.5 SHALL LIMIT, WAIVE, AMEND, MODIFY OR NEGATE ANY OBLIGATION OR LIABILITY OF LIGAND OR ANY OTHER SELLER PARTY PURSUANT TO THE LEASE, WHICH LEASE

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PROVISIONS ARE INTENDED TO BE A NARROW EXCEPTION TO THE PROVISIONS OF THIS AGREEMENT.

5.6 LIMITATION OF LIABILITY. BUYER ACKNOWLEDGES AND AGREES THAT NEITHER BUYER NOR ITS SUCCESSORS OR ASSIGNS SHALL HAVE ANY RECOURSE AGAINST SELLER OR ANY OF THE SELLER PARTIES OR ANY PERSON, FIRM, AGENT OR REPRESENTATIVE ACTING OR PURPORTING TO ACT ON BEHALF OF SELLER AND/OR ANY OF THE SELLER PARTIES WITH RESPECT TO THE MATTERS WAIVED AND RELEASED UNDER THIS SECTION. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, NOTHING IN THIS SECTION 5.6 SHALL LIMIT, WAIVE, AMEND, MODIFY OR NEGATE ANY OBLIGATION OR LIABILITY OF LIGAND OR ANY OTHER SELLER PARTY PURSUANT TO THE LEASE, WHICH LEASE PROVISIONS ARE INTENDED TO BE A NARROW EXCEPTION TO THE PROVISIONS OF THIS AGREEMENT.

SELLER HAS GIVEN BUYER CONCESSIONS REGARDING THIS TRANSACTION IN EXCHANGE FOR BUYER AGREEING TO THE PROVISIONS OF THIS SECTION. THE TERMS AND PROVISIONS OF THIS SECTION SHALL SURVIVE THE CLOSING OR THE TERMINATION OF THIS AGREEMENT FOR ANY REASON. SELLER AND BUYER HAVE EACH INITIALED THIS SECTION TO FURTHER INDICATE THEIR AWARENESS AND ACCEPTANCE OF EACH AND EVERY PROVISION HEREOF.

/s/ PVM /s/ WRB /s/ JMB /s/ ML

SELLER'S INITIALS BUYER'S INITIALS

5.7 Post-Closing Indemnity by Buyer. Except as specifically set forth in the Lease, Buyer agrees to indemnify, defend and hold Seller, the Seller Parties, and Seller's members, managers, shareholders, officers, directors, partners, agents, employees, affiliates, heirs, successors and assigns (collectively, Seller's Indemnified Parties) harmless from and against any and all liabilities, liens, claims, damages, costs, expenses, suits, actions or judgments paid or incurred by any of Seller's Indemnified Parties and all expenses related thereto, including, without limitation, court costs and attorneys' fees arising out of or in any way connected or related to (i) the ownership, maintenance, or operation of the Property and arising from events or conditions that occur after the Closing, or (ii) the breach of any representation, warranty or covenant of Buyer contained in this Agreement. The indemnities set forth in this Section shall survive Closing without limitation.

5.8 Buyer's Authority. Buyer warrants and represents that it is duly organized and a validly existing corporation formed under the laws of the State of Delaware and as of the Close of Escrow will be duly qualified to transact business in the State of California. The entry by Buyer into the transaction contemplated by this Agreement and the performance by Buyer of all of its obligations in connection herewith have been duly and validly authorized by all necessary action(s), are in accordance with applicable laws and are not in violation of Buyer's organizational documents. This Agreement and all additional documents delivered in connection with this Agreement have been duly and validly executed and delivered to Seller and constitute the legal, valid and binding obligations of Buyer.

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5.9 Representations and Warranties of Seller. In consideration of Buyer entering into this Agreement, Seller makes the representations and warranties set forth below. Each such representation and warranty shall be true and correct on the Effective Date only. Seller will notify Buyer if Seller has actual knowledge prior to the Close of Escrow that any of the representations and warranties set forth in this Section are not true and correct in any material respect and Seller shall have the right to take the actions necessary to make such representation materially true and correct or may elect not to take such actions and in such case Buyer may elect (a) to terminate this Agreement and receive, as Buyer's sole and exclusive remedy, a refund of Buyer's Deposit and Buyer's out of pocket expenses as set forth in Section 10.3 hereof, or (b) proceed to Close of Escrow, without exercising the right of termination set forth above and, in such case, each representation or warranty shall be deemed automatically amended to conform with the matters contained in Seller's notice as of the Closing and Seller shall have no liability whatsoever for such previously inaccurate representation or warranty. The representations and warranties of Seller contained in this Section shall survive the Close of Escrow only for a period of twelve (12) months (Survival Period), and (i) if Buyer does not deliver written notice to Seller setting forth a specific and detailed description of any alleged breach of such representations and warranties within the Survival Period, and (ii) if Buyer does not commence an action against Seller for breach of the representations and warranties specified in such written notice within six (6) months after the Survival Period, Buyer shall be deemed to have waived any Claims relating to the representations and warranties set forth in this Section. Subject to the specific terms of the Lease, Seller's total liability in the aggregate for all Claims shall not exceed Five Hundred Thousand Dollars (\$500,000) and Seller shall not be liable for any Claims unless and until such Claims in the aggregate, exceed Ten Thousand Dollars (\$10,000) (and then shall be liable from the first dollar of such Claims). The term actual knowledge or any similar term shall mean the actual knowledge, without duty of inquiry or investigation, of Mr. Paul Maier, in his capacity as Chief Financial Officer and an employee of Ligand, and not in his individual capacity. For the purposes hereof, Buyer shall be deemed to have knowledge of any fact or circumstance expressly set forth in the Property Documents delivered to Buyer prior to the end of the Due Diligence Period and in any environmental assessment or other report, study, analysis or investigation received by Buyer, and the representations and warranties herein contained shall be deemed automatically modified to the extent information contained in any Property Documents delivered to Buyer prior to the end of the Due Diligence Period, or in any environmental assessment or other report, study, investigation or analysis received by Buyer prior to Close of Escrow, is inconsistent with the matters covered herein.

5.9.1 Seller's Authority. Seller warrants and represents that (i) Nexus is a duly organized and validly existing limited liability company formed under the laws of the State of California, and (ii) Ligand is a duly organized and validly existing corporation under the laws of the State of Delaware, and each of Nexus and Ligand is qualified to transact business in the State of California. The entry by Seller into the transaction contemplated by this Agreement and the performance by Seller of all of its obligations in connection herewith have been duly and validly authorized by all necessary action(s), are in accordance with applicable law and are not in violation of Seller's organizational documents. This Agreement and all additional documents delivered in connection with this Agreement have been duly and validly executed and delivered to Buyer and constitute the legal, valid and binding obligations of Seller.

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5.9.2 No Litigation. Seller has no actual knowledge of, and to Seller's actual knowledge, Seller has not received any notice of, any actual or pending or threatened litigation being filed against Seller or the Property which would materially adversely affect Seller's ability to perform its obligations hereunder.

5.9.3 Governmental Actions. Seller has not received written notice that Seller is in violation of any permits or approvals from a governmental authority relating to the Property. Seller has not received written notice of any pending special assessments, condemnation proceedings, change in zoning or roadway, or water or sewer construction affecting any portion of the Property. Seller has not received written notice of violation of any restrictive covenants, governmental requirements, zoning laws or deed restrictions relating to the Property.

5.9.4 Foreign Person or Entity. Seller is not a foreign person, nonresident alien, foreign corporation, foreign partnership, foreign trust, or foreign estate, as those terms are defined in the Internal Revenue Code and the Income Tax Regulations promulgated thereunder. At Closing, Seller shall deliver to Buyer certificates of nonforeign status and of California residency/permanent place of business status (or substantially equivalent certificates) in form required by the Income Tax Regulations and the California Revenue and Taxation Code and reasonably acceptable to Buyer. In the event Seller does not deliver such certificate to Buyer at Close of Escrow or shall not otherwise sufficiently evidence Seller's exemption from withholding requirements, Buyer may withhold the required portion of the purchase price and submit such withholding to the Internal Revenue Service pursuant to Section 1445 of the Internal Revenue Code and may withhold any required additional portion of the purchase price and submit that withholding to the California Franchise Tax Board pursuant to California Revenue and Taxation Code Sections 18805 and 26131.

**ARTICLE 6
THE CLOSING**

6.1 Closing Date. The Close of Escrow shall occur on or before the Closing Date; provided, however, Seller may extend the Closing Date for up to fifteen (15) days by delivering written notice to Buyer at least five business (5) days prior the originally scheduled Closing Date. Upon Seller delivering such notice, the term Closing Date shall mean the extended date. Notwithstanding the foregoing, if the Closing Date is scheduled for Monday, November 27, 2006, the Parties agree to extend such Closing Date to Tuesday, November 28, 2006, due to the Thanksgiving weekend.

6.2 Deliveries to Escrow Agent.

6.2.1 Buyer's Deliveries. Unless an earlier date for delivery is required under the terms of this Agreement, Buyer shall, on or before the Closing Date, deliver to Escrow Agent each of the following items:

- (a) **Purchase Price.** Cash in an amount equal to the balance of the Purchase Price;

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- (b) **General Assignment.** Three (3) originals of the General Assignment in the form attached hereto as Exhibit B , executed in counterpart by Buyer;
 - (c) **Lease.** Three (3) originals of the Lease, executed in counterpart by Buyer;
 - (d) **Memorandum of Lease.** One (1) original of the Memorandum of Lease, attached as part of the Lease, executed in counterpart by Buyer;
 - (e) **Right to Lease.** Three (3) originals of the Right to Lease, executed in counterpart by Buyer;
 - (f) **Memorandum of Agreement for Right to Lease.** One (1) original of the Memorandum of Agreement for Right to Lease, attached as part of the Right to Lease, executed in counterpart by Buyer;
 - (g) **Prorations, Fees and Costs.** The amounts, if any, required of Buyer under Article 7 of this Agreement and any other amounts required to be paid by Buyer prior to or on the Close of Escrow under this Agreement;
 - (h) **Authorization and Other Documents.** Instruments acceptable to the Title Company reflecting the proper power, good standing and authorization for the acquisition of the Property by Buyer and such affidavits of Buyer or other documents as may be reasonably required by the Escrow Agent or the Title Company in order to effect the Close of Escrow and issue the Buyer Title Policy, the Improved Lot Title Policy, and the Lot 14 Title Policy; and
 - (i) **Documents.** Counterparts of any other documents required to be executed under the terms of this Agreement, including written approval of the final closing statement and instructions to Escrow Agent to close the Escrow.
- 6.2.2 Seller s Deliveries.** Unless an earlier date for delivery is required under the terms of this Agreement, Seller shall, at least one (1) Business Day prior to the Closing Date, deliver to Escrow Agent each of the following items:
- (a) **Deed.** The Deeds in the form of Exhibit F attached hereto, executed by Seller;
 - (b) **Certificate of Non-Foreign Status.** A Certificate of Non-Foreign Status as to Seller, certifying Seller is a non-foreign person, and a completed California Resident Affidavit;
 - (c) **Bill of Sale.** A bill of sale conveying the Personal Property to Buyer in the form attached hereto as Exhibit B ;
 - (d) **General Assignment.** Three (3) originals of the General Assignment, executed in counterpart by Seller;

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(e) **Lease.** Three (3) originals of the Lease executed in counterpart by Ligand;

(f) **Memorandum of Lease.** One (1) original of the Memorandum of Lease, attached as part of the Lease, executed in counterpart by Ligand;

(g) **Right to Lease.** Three (3) originals of the Right to Lease, executed in counterpart by Ligand;

(h) **Memorandum of Agreement for Right to Lease.** One (1) original of the Memorandum of Agreement for Right to Lease, attached as part of the Right to Lease, executed in counterpart by Ligand;

(i) **Vendor Notice Letters.** One (1) original of a letter in the form reasonably prescribed by Buyer, executed by Seller addressed to vendor under each of the Service Contracts informing such vendor of the sale of the Property and the assignment to Buyer of Seller's interest under the applicable service contract; and

(j) **Documents.** Executed counterparts of any other documents required to be executed under the terms of this Agreement, including written approval of the Final Closing Statement and instructions to Escrow Agent to close the Escrow, and any and all documents the Title Company requires to be executed by Seller to ensure issuance of the Buyer Title Policy, the Improved Lot Title Policy, and the Lot 14 Title Policy.

6.3 Dating Documents. Escrow Agent shall date any of the documents deposited into Escrow under Sections 6.2.1 and 6.2.2 above as of the date of the Close of Escrow.

6.4 Close of Escrow. Escrow Agent shall close the Escrow on or before the Closing Date, as the same may be extended pursuant hereto, by (i) filing for record the Deed, the Memorandum of Lease and the Memorandum of Right of First Refusal, and such other documents as may be necessary to procure the Buyer Title Policy, the Improved Lot Title Policy, and the Lot 14 Title Policy, and (ii) delivering funds and documents as set forth in Article 8 WHEN AND ONLY WHEN each of the conditions set forth below has been satisfied.

6.4.1 Funds and Instruments. All funds and instruments required under Sections 6.2.1 and 6.2.2 have been delivered to Escrow Agent.

6.4.2 Satisfaction of Conditions Precedent. Each of the conditions precedent set forth in Article 3 has been, or upon such Close of Escrow shall be, satisfied as provided for in Article 3.

6.5 Recordation. Escrow Agent shall record the Deed (with documentary transfer tax, if any, to be shown by a separate, unrecorded affidavit), the Memorandum of Lease, the Memorandum of Right of First Refusal, and any other documents which the parties may mutually direct to be recorded in the Office of the County Recorder for the County.

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**ARTICLE 7
PRORATION, FEES AND COSTS**

7.1 Prorations. The following items shall be prorated between Seller and Buyer at the Close of Escrow by increasing or decreasing, as the case may be, the funds to be delivered by Buyer at the Close of Escrow.

7.1.1 Taxes and Assessments. Real property taxes, assessments and personal property taxes with respect to the Property shall be prorated based upon the latest available tax information such that Seller shall be responsible for all such taxes and assessments levied against the Property to and including the day prior to the Close of Escrow, and Buyer shall be responsible for all such taxes and assessments levied against the Property on and after the Close of Escrow. Any real property taxes and assessments arising out of the sale of the Property to Buyer or Buyer's assignee or a subsequent sale or change in ownership thereafter, and/or arising out of any construction pertaining to the Property following the Close of Escrow, shall, subject to the terms of the Lease, be paid by Buyer when assessed. Seller represents that it has paid or will pay, if bills relating to supplemental taxes have not yet been received, all supplemental real property taxes and assessments resulting from its purchase of the Property due and payable for any period prior to the Closing Date and this obligation of Seller will survive the Closing Date. Notwithstanding the foregoing, to the extent any such taxes and assessments on the Improved Lot are payable by Ligand pursuant to the Lease, there shall be no proration of such items at the Close of Escrow, and Ligand shall be responsible for the payment of the same after the Close of Escrow.

7.1.2 Utilities and Other Expenses. Seller shall notify all water, gas, electric and other utility companies servicing the Property (collectively Utility Companies) of the sale of the Property to Buyer but shall request that all Utility Companies continue to send all utility bills to Ligand.

7.1.3 Service Contracts and Other Expenses and Revenues. Escrow Agent shall prorate the periodic charges under the Service Contracts assumed by Buyer and any other periodic Property expenses and revenues that are not the responsibility of Ligand under the Lease.

7.2 Actual Days of Month. All proration shall be made as of 11:59 p.m. on the date preceding the date of Close of Escrow on the basis of the actual days of the month in which the Close of Escrow occurs.

7.3 Seller's Fees and Costs. Seller will pay (i) Documentary Transfer Tax in the amount Escrow Agent determines to be required by law, (ii) the fee for the Buyer Title Policy, including without limitation the cost for an ALTA extended title policy, (iii) one-half of Escrow Agent's escrow fee, (iv) the fees for recording the Deed(s), and (v) usual Seller's document-drafting and recording charges.

7.4 Buyer's Fees and Costs. Buyer will pay (i) one-half of Escrow Agent's escrow fee; (ii) the fee for the Improved Lot Title Policy; (iii) the fee for Lot 14 Title Policy, (iv) the

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fees for recording the Memorandum of Lease and the Memorandum of Right of First Refusal; (v) usual Buyer's document-drafting and recording charges, (vi) the fee for any ALTA survey obtained by Buyer; and (vii) any fee for any endorsements requested by Buyer.

7.5 Other Fees and Costs. All other fees and costs of Escrow or any other item to be prorated shall be paid by the parties or prorated as is customary in the County.

7.6 Final Closing Statement. Escrow Agent shall have prepared for Buyer a final Buyer closing statement and for Seller a final Seller closing statement (each Final Closing Statement) which shall have been approved by Buyer and Seller, respectively, prior to the Close of Escrow.

ARTICLE 8

DISTRIBUTION OF FUNDS AND DOCUMENTS

8.1 Recorded Documents. Escrow Agent will cause the County Recorder of the County to mail Seller's Deed, the Memorandum of Lease, and the Memorandum of Right of First Refusal (and each other document which is herein expressed to be, or by general usage is, recorded) after recordation, to the grantee, beneficiary or person (i) acquiring rights under said document or (ii) for whose benefit said document was acquired.

8.2 Other Documents. No later than two (2) Business Days after the Close of Escrow, Escrow Agent shall combine any original counterparts of a document into fully executed originals and deliver (i) to Buyer's counsel, the original Certificate of Non-Foreign Status and the California Resident Affidavit and the original Buyer Title Policy, when available; (ii) to Ligand, the Improved Lot Title Policy and the Lot 14 Title Policy; and (iii) to Seller's and Buyer's counsel, originals (or if applicable copies) of any other nonrecorded document deposited into Escrow at any time during the Escrow and to each party conformed copies of all recorded documents.

8.3 Payment of Funds at Closing. Escrow Agent will, at the Close of Escrow, wire (i) to Seller's account, in accordance with instructions of Seller, the Seller funds as indicated on the Final Closing Statement and (ii) to Buyer, any excess funds theretofore delivered to Escrow Agent by Buyer as indicated on the Final Closing Statement.

ARTICLE 9

ASSIGNMENT BY BUYER

Buyer may not, voluntarily or by operation of law, assign or otherwise transfer any of its rights or obligations under this Agreement without obtaining the prior written consent of Seller, which consent may be given or withheld in Seller's sole and absolute discretion. If such consent is received, any assignee shall assume all obligations imposed on Buyer as if the assignee were the original Buyer named in this Agreement; provided that no such assignment shall release Buyer from liability hereunder. Any attempted assignment made in violation of this provision shall be null and void. Notwithstanding the foregoing, Buyer shall have the right, without Seller's prior written consent, to assign this Agreement to (a) any entity that is wholly-owned by

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Buyer, or (b) any qualified exchange intermediary utilized by Buyer to effectuate a 1031 tax deferred exchange pursuant to Section 13.23 hereof.

**ARTICLE 10
DEFAULT**

10.1 Breach by Buyer. If Buyer fails to complete the acquisition of the Property on the Closing Date by reason of any default by Buyer which is not cured before the expiration of all applicable notice and cure periods, and Seller shall not be in breach or default of this Agreement, Seller shall be entitled to terminate this Agreement by written notice to Buyer, in which event Seller shall be entitled to retain any and all of the Buyer's Deposit held by Escrow Agent as liquidated damages pursuant to the provisions set forth below, and this Agreement shall terminate. Notwithstanding any such termination, Seller shall have the continuing right to enforce any Surviving Obligations provided for in this Agreement. Notwithstanding anything to the contrary contained herein, Buyer shall not be in default under this Agreement unless Buyer shall receive written notice thereof from Seller and shall fail to cure said default within ten (10) days after Buyer's receipt of said notice; provided that in the event any notice of default is delivered to Buyer, the Closing Date shall be extended to the extent necessary to accommodate the cure period set forth above. Notwithstanding any provision in this Agreement to the contrary, Seller shall not be required to deliver to Buyer a notice of default for Buyer's failure to timely deliver any payment to Seller or Escrow Agent pursuant to this Agreement, and Buyer shall not have any cure period for any such failure.

10.2 LIQUIDATED DAMAGES. IF ESCROW FAILS TO CLOSE DUE TO A BUYER DEFAULT WHICH IS NOT CURED PRIOR TO THE EXPIRATION OF ALL APPLICABLE NOTICE AND CURE PERIODS (SUCH BUYER DEFAULT TO INCLUDE, BUT NOT LIMITED TO, BUYER'S FAILURE TO TIMELY FUND THE PURCHASE PRICE AND ACQUIRE THE PROPERTY SUBSEQUENT TO BUYER PROVIDING A NOTICE OF APPROVAL), SELLER WILL BE DAMAGED AND WILL BE ENTITLED TO COMPENSATION FOR THOSE DAMAGES. SUCH DAMAGES WILL, HOWEVER, BE EXTREMELY DIFFICULT AND IMPRACTICAL TO ASCERTAIN FOR THE FOLLOWING REASONS: (A) THE DAMAGES TO WHICH SELLER WOULD BE ENTITLED IN A COURT OF LAW WILL BE BASED IN PART ON THE DIFFERENCE BETWEEN THE ACTUAL VALUE OF THE PROPERTY AT THE TIME SET FOR THE CLOSE OF ESCROW AND THE PURCHASE PRICE FOR THE PROPERTY AS SET FORTH IN THIS AGREEMENT; (B) PROOF OF THE AMOUNT OF SUCH DAMAGES WILL BE BASED ON OPINIONS OF VALUE OF THE PROPERTY, WHICH CAN VARY IN SIGNIFICANT AMOUNTS; AND (C) IT IS IMPOSSIBLE TO PREDICT AS OF THE DATE ON WHICH THIS AGREEMENT IS MADE WHETHER THE VALUE OF THE PROPERTY WILL INCREASE OR DECREASE AS OF THE DATE SET FOR THE CLOSE OF ESCROW. FURTHERMORE, BUYER ACKNOWLEDGES SELLER HAD OTHER OPPORTUNITIES TO SELL THE PROPERTY AND RELIED UPON THE REPRESENTATIONS OF BUYER THAT IT WOULD PERFORM AND PURCHASE THE PROPERTY FROM SELLER. BUYER DESIRES TO LIMIT THE AMOUNT OF DAMAGES FOR WHICH BUYER MIGHT BE LIABLE SHOULD BUYER BREACH THIS AGREEMENT. BUYER AND SELLER WISH TO AVOID THE COSTS AND LENGTHY DELAYS WHICH WOULD RESULT IF

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SELLER FILED A LAWSUIT TO COLLECT ITS DAMAGES FOR A BREACH OF THIS AGREEMENT.

THEREFORE, THE SUM REPRESENTED BY THE BUYER'S DEPOSIT SHALL NOT BE DEEMED OR INTENDED TO BE A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTION 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE A REASONABLE ESTIMATE OF SELLER'S DAMAGES UNDER THE PROVISIONS OF SECTION 1671 OF THE CALIFORNIA CIVIL CODE AND, EXCEPT AS PROVIDED BELOW, SELLER'S SOLE AND EXCLUSIVE REMEDY IN THE EVENT OF THE FAILURE TO CLOSE ESCROW RESULTING FROM ANY REASONS SHALL BE LIMITED TO SUCH AMOUNT, PROVIDED, HOWEVER, THAT THE PARTIES AGREE THAT, IN NO EVENT, SHALL THIS LIQUIDATED DAMAGES PROVISION APPLY TO ANY BREACH OF BUYER'S INDEMNIFICATION OBLIGATIONS UNDER THE ACCESS AGREEMENT AND SECTION 2.5 OF THIS AGREEMENT; PROVIDED FURTHER THAT IN NO EVENT SHALL SELLER BE ENTITLED TO RECEIVE OR RECOVER FROM BUYER ANY CONSEQUENTIAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES, OR LOST PROFITS. BUYER HAS REVIEWED THE EFFECT OF THIS PROVISION WITH LEGAL COUNSEL AND HAS AGREED THAT SUCH DAMAGES ARE A REASONABLE AND FAIR ESTIMATE OF THE DAMAGES SELLER WILL SUSTAIN. BY INITIALING THIS PROVISIONS IN THE SPACES BELOW, SELLER AND BUYER EACH SPECIFICALLY AFFIRM THEIR RESPECTIVE AGREEMENTS CONTAINED IN THIS SECTION.

/s/ PVM /s/ WRB /s/ JMB /s/ ML

SELLER'S INITIALS BUYER'S INITIALS

10.3 BREACH BY SELLER. IF SELLER DEFAULTS IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS PURSUANT TO THIS AGREEMENT, AND THE CLOSING OF THE SALE OF THE PROPERTY FAILS TO OCCUR BY REASON THEREOF, AND SELLER FAILS TO CURE THE DEFAULT WITHIN TEN (10) DAYS AFTER RECEIPT OF WRITTEN NOTICE THEREOF FROM BUYER, BUYER'S SOLE REMEDY SHALL BE EITHER: (A) TO TERMINATE THIS AGREEMENT BY WRITTEN NOTICE DELIVERED TO SELLER AND ESCROW AGENT AND TO RECOVER THE DEPOSIT AND BUYER'S ACTUAL OUT-OF-POCKET EXPENSES INCURRED IN CONNECTION WITH ITS EVALUATION OF THE PROPERTY UP TO A MAXIMUM OF SEVENTY-FIVE THOUSAND DOLLARS (\$75,000); OR (B) TO ENFORCE SPECIFIC PERFORMANCE (INCLUDING A LIS PENDENS AGAINST THE PROPERTY) OF SELLER'S OBLIGATIONS UNDER THIS AGREEMENT, SO LONG AS BUYER (I) IS READY, WILLING, AND ABLE TO PERFORM; AND (II) IS NOT IN MATERIAL DEFAULT OF THIS AGREEMENT. BUYER ACKNOWLEDGES THAT EACH OF THE FOREGOING CONDITIONS IS IN EVERY DETAIL MATERIAL TO SELLER, AND THEREFORE, IF BUYER FAILS TO SATISFY ANY ONE OF SUCH CONDITIONS, SELLER SHALL BE ENTITLED TO AN IMMEDIATE DISMISSAL OF ANY SUCH ACTION AND AN IMMEDIATE EXPUNGEMENT OF ANY LIS PENDENS. BUYER SHALL NOT HAVE THE RIGHT TO RECOVER DAMAGES OF ANY KIND OR TO OBTAIN OTHER EQUITABLE RELIEF, INCLUDING, WITHOUT LIMITATION, ANY

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EQUITABLE ADJUSTMENT TO THE TERMS OF THE SALE OF THE PROPERTY, IN CONNECTION WITH ANY SUCCESSFUL ACTION FOR SPECIFIC PERFORMANCE. EXCEPT TO THE EXTENT PERMITTED ABOVE, BUYER SHALL NOT (X) PREPARE, FILE OR RECORD A LIS PENDENS AGAINST THE PROPERTY; OR (Y) BE ENTITLED TO THE AWARD OF ANY DAMAGES. BUYER ACKNOWLEDGES THAT A MATERIAL INDUCEMENT TO SELLER'S DECISION TO SELL THE PROPERTY TO BUYER IS THE AGREEMENT OF BUYER NOT TO IMPEDE OR INTERFERE WITH A SUBSEQUENT SALE OF THE PROPERTY, AND THAT SELLER WILL BE DAMAGED IN THE EVENT BUYER FAILS TO COMPLY WITH THE REQUIREMENTS OF THIS SECTION 10.3. BUYER SHALL NOT BE ENTITLED UNDER ANY CIRCUMSTANCES TO RECOVER ANY OTHER DAMAGES, INCLUDING PUNITIVE, SPECIAL, EXEMPLARY, OR INDIRECT DAMAGES, LOST PROFITS RELATING TO BUYER'S PROPOSED ACQUISITION OF THE PROPERTY OR ANY OTHER COMPENSATORY OR CONSEQUENTIAL DAMAGES, AND BUYER HEREBY EXPRESSLY AND KNOWINGLY WAIVES ANY AND ALL RIGHTS TO RECOVER ANY SUCH OTHER DAMAGES THAT MIGHT OTHERWISE EXIST, INCLUDING ANY RIGHTS UNDER CALIFORNIA CIVIL CODE SECTION 3306. SUBJECT TO SECTION 5.9 OF THIS AGREEMENT, NOTHING CONTAINED HEREIN SHALL LIMIT OR WAIVE BUYER'S RIGHTS AND REMEDIES FOR SELLER'S BREACH OF ANY EXPRESS REPRESENTATION OR WARRANTY SET FORTH IN THIS AGREEMENT.

/s/ PVM /s/ WRB /s/ JMB /s/ ML

SELLER'S INITIALS BUYER'S INITIALS

**ARTICLE 11
CONDEMNATION**

11.1 Eminent Domain. If, prior to the Close of Escrow, there is a partial taking of the Property or the threatened partial taking of the Property pursuant to a resolution of intention to condemn where the estimated value of the portion of the Property taken exceeds ten percent (10%) of Purchase Price or require more than one hundred eighty (180) days to restore ("Material Condemnation"), then Buyer can elect to either (a) terminate this Agreement, or (b) purchase the Property without any reduction in the Purchase Price. In the event of a partial taking or the threatened partial taking of the Property pursuant to a resolution of intention to condemn which is not a Material Condemnation then Buyer shall purchase the Property. If this Agreement is not terminated as provided above and Buyer purchases the Property, Buyer shall be entitled to retain any condemnation proceeds as a result of such condemnation.

11.2 Condemnation. As used herein, condemnation, or condemned or taking shall mean the exercise of, or intent to exercise, the power of eminent domain, expressed in writing, as well as the filing of any action or proceeding for such purpose, by any person, entity, body, agency or authority having the right or power of eminent domain (the "condemning authority" herein), and shall include a voluntary sale by Seller to any such condemning authority, either under the threat of condemnation or while condemnation proceedings are pending, and the condemnation shall be deemed to occur in point of time upon the actual physical taking of possession pursuant to the exercise of said power of eminent domain.

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**ARTICLE 12
DAMAGE AND DESTRUCTION**

If, prior to the Close of Escrow, more than ten percent (10%) of the total rentable square footage of the Improvements on the Property are damaged or destroyed by fire, casualty or the elements (Material Casualty), then Buyer may elect to either (a) terminate this Agreement or (b) purchase the Property without any reduction in the Purchase Price. In the event the damage or destruction which is not a Material Casualty, then Buyer shall purchase the Property without any reduction in the Purchase Price. If this Agreement is not terminated as provided above and Buyer purchases the Property, Buyer shall be entitled to all of Seller's insurance proceeds resulting from the damage or destruction that are not used by Seller to repair the Improvements.

**ARTICLE 13
GENERAL PROVISIONS**

13.1 Construction of Agreement. The agreement contained herein shall not be construed in favor of or against either party, but shall be construed as if both parties prepared this Agreement.

13.2 Captions. The captions used herein are for convenience only and are not a part of this Agreement and do not in any way limit or amplify the terms and provisions hereof.

13.3 Business Day. The term Business Day or business day as utilized in this Agreement shall mean each calendar day, with the exception of a Saturday, Sunday, national holiday or any other day that the San Diego County Recorder's Office is not open for business. By way of example and not limitation, the Friday after Thanksgiving is not a Business Day.

13.4 Governing Law. This Agreement and the documents in the form attached as exhibits hereto shall be governed by and construed under the laws of the State of California.

13.5 Judicial Reference. The parties agree to promptly submit any dispute between them arising from this Agreement to Judicial Arbitration and Mediation Services, Inc. (JAMS). In the event an action is filed in any court by either party to this Agreement involving a dispute arising from this Agreement (Dispute), within twenty (20) days after such filing, either party may, upon five (5) days' notice to the other party, apply ex parte to the Court for a reference of the entire dispute to JAMS in accordance with Code of Civil Procedure §638. The application shall be deemed a mutual request by both parties for the reference. For either voluntary submission of a dispute to JAMS or reference by the Court in the event an action has been filed, the parties shall mutually select a member from JAMS panel to hear the dispute. In the event the parties fail to mutually select a member from the panel within ten (10) days after submission of the dispute to JAMS, then JAMS shall select the hearing officer. The hearing shall take place on the first available date on the calendar of the hearing officer, or on such other date as the parties may agree upon in writing. The decision of the hearing officer shall be final, binding on the parties, and enforceable in a California court having competent jurisdiction over the parties. Subject to the limitations set forth in this Article 13, the judicial referee shall have the authority to try all issues, whether of fact or law, and to report a statement of decision to the court. The

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judicial referee shall be the only trier of fact or law in the reference proceeding, and shall have no authority to further refer any issues of fact or law to any other party, without the mutual consent of all parties to the judicial reference proceeding. This agreement to seek voluntary reference to resolve disputes shall not apply to any claim or action in which any of the causes of action includes either disputes involving third parties other than the parties to this Agreement, or disputes involving allegations of defective construction or defective development of the Property which is the subject of this Agreement.

13.5.1 Participation by Parties. The parties to the Dispute shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the judicial reference proceeding. The Seller or Buyer, as applicable in a particular judicial reference proceeding (individually, Party or collectively, the Parties), shall not be required to participate in the judicial reference proceeding if (i) all parties against whom the applicable Party would have cross-claims or counterclaims necessary to afford complete relief to such Party cannot be joined in the judicial reference proceeding, including, but not limited to, any Seller Party (collectively, a Necessary Party), or (ii) the enforcement of the provisions of this Article 18 would impair the insurance coverage of a Party or a Seller Party for any claim arising out of the Dispute that would otherwise provide coverage for such claim that would otherwise provide coverage for such claim. If a Party determines that it cannot join all Necessary Parties or that its insurance coverage would be impaired with respect to the Dispute, or if Seller is advised by a Seller Party that it contends its insurance coverage will be impaired by enforcement of this Article 13, such Party may elect not to participate in the judicial reference proceeding. If a Party so elects not to participate in the judicial reference proceeding, such Party will provide notice to the other Parties to the judicial reference proceeding that the Dispute will not be resolved by judicial reference. In such circumstances, the other Parties may seek determination of the Party's right not to participate by way of a motion under California Code of Civil Procedure Sections 638, 641 through 645.1, or any successor statutes thereto. If a determination is made as a result of such a motion that a Party is not required to participate in the judicial reference proceeding, unless the remaining Parties agree otherwise, the Dispute shall not be resolved by judicial reference and the Parties may commence an action with respect to the subject Dispute in an appropriate court of law.

13.5.2 Venue. The proceedings shall be heard in San Diego County.

13.5.3 Referee. The referee shall be an attorney or retired judge with experience in relevant real estate matters. The referee shall not have any relationship to the parties to the Dispute or interest in the Property. The parties to the Dispute participating in the judicial reference proceeding shall meet to select the referee within ten (10) days after service of the initial complaint on all defendants named therein. Any dispute regarding the selection of the referee shall be promptly resolved by the judge to whom the matter is assigned, or if there is none, to the presiding judge of the Superior Court of the County in which the Property is located, who shall select the referee.

13.5.4 Commencement and Timing of Proceeding. The referee shall promptly commence the proceeding at the earliest convenient date in light of all of the facts and circumstances and shall conduct the proceeding without undue delay.

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13.5.5 Pre-hearing Conferences. The referee may require one or more pre-hearing conferences.

13.5.6 Motions. The referee shall have the power to hear and dispose of motions, including motions relating to provisional remedies, demurrers, motions to dismiss, motions for judgment on the pleadings and summary adjudication motions, in the same manner as a trial court judge, except the referee shall also have the power to adjudicate summarily issues of fact or law including the availability of remedies, whether or not the issue adjudicated could dispose of an entire cause of action or defense. Notwithstanding the foregoing, if prior to the selection of the referee as provided herein, any provisional remedies are sought by the parties to the Dispute, such relief may be sought in the Superior Court of the County in which the Property is located.

13.5.7 Rules of Law. The referee shall apply the laws of the State of California except as expressly provided herein, including the rules of evidence, unless expressly waived by all parties to the judicial reference proceeding.

13.5.8 Record. A stenographic record of the hearing shall be made, provided that the record shall remain confidential except as may be necessary for post-hearing motions and any appeals.

13.5.9 Statement of Decision. The referee's statement of decision shall contain findings of fact and conclusions of law to the extent required by law if the case were tried to a judge. The decision of the referee shall stand as the decision of the court, and upon filing of the statement of decision with the clerk of the court, judgment may be entered thereon in the same manner as if the Dispute had been tried by the court.

13.5.10 Post-Hearing Motions. The referee shall have the authority to rule on all post-hearing motions in the same manner as a trial judge.

13.5.11 Appeals. The decision of the referee shall be subject to appeal in the same manner as if the Dispute had been tried by the court.

13.5.12 Expenses. Except as otherwise agreed by the parties or as required by applicable law, no Party shall be required to pay any fee of the judicial reference proceeding or the referee except to the extent of the costs that would be imposed upon the disputant if the Dispute had been filed as a suit in court. The referee may not award against either Party any expenses in excess of those that would be recoverable as costs if the Dispute had been litigated to final judgment in court. Each party to the judicial reference proceeding shall bear its own attorneys' fees and costs in connection with such proceeding.

13.5.13 Severability. If the referee or any court determines that any provision of this Article is unenforceable for any reason, that provision shall be severed, and judicial reference shall be conducted under the remaining enforceable terms of this Section.

13.5.14 Statutes of Limitation. Nothing in this Section shall be considered to toll, stay, reduce or extend any applicable statutes of limitations; provided, however, that the

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Seller Parties or any Buyer shall be entitled to commence a legal action which in the good faith determination of such Party(ies) is necessary to preserve their rights under any applicable statute of limitations, provided that such Party shall take no further steps in prosecuting the action until it has complied with the procedures described above.

13.6 Time of the Essence. Time is of the essence of each and every provision of this Agreement and Seller and Buyer, by execution of this Agreement, specifically acknowledges the importance of observing each and every time period in this Agreement. In the event any date, or the final date of any period, which is set out in any provision of this Agreement falls on other than a Business Day, in such event such date or time period, as the case may be, shall be extended to the next Business Day.

13.7 Successors and Assigns. Subject to the restrictions and prohibitions on assignment set forth in Article 9, each and all of the covenants and conditions of this Agreement shall inure to the benefit of and shall be binding upon the successors in interest of Seller, and, subject to the restrictions on transfers herein provided, the successors, heirs, representatives and assigns of Buyer. As used in the foregoing, successors shall refer both to the parties interest in the Property and to the successors to all or substantially all of their assets and to their successors by merger or consolidation.

13.8 Waiver. No waiver by Seller or Buyer of a breach of any of the terms, covenants or conditions of this Agreement by Seller or Buyer shall be construed or held to be a waiver of any succeeding or preceding breach of the same or any other term, covenant or condition herein contained. No waiver of any default hereunder shall be implied from any omission by the other party to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect default other than as specified in such waiver. The consent or approval by Seller or Buyer to or of any act by the other party requiring consent or approval shall not be deemed to waive or render unnecessary consent or approval to or of any subsequent similar acts.

13.9 Attorney s Fees. If any action or proceeding or judicial reference shall be instituted in connection with this Agreement, the losing party shall pay to the prevailing party a reasonable sum for attorneys fees and costs incurred in bringing or defending such action or proceeding and/or enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the commencement of such action or proceeding and shall be paid whether or not such action or proceeding is prosecuted to final judgment. Any judgment or order entered in such action or proceeding shall contain a specific provision providing for the recovery of attorneys fees and costs, separate from the judgment, incurred in enforcing such judgment. The prevailing party shall be determined by the trier of fact based upon an assessment of which party s major arguments or positions taken in the proceedings could fairly be said to have prevailed over the other party s major arguments or positions on major disputed issues. All indemnity obligations under this Agreement shall also include the costs of enforcing any indemnity. This Section is intended to be expressly severable from the other provisions of this Agreement, is intended to survive any judgment and is not to be deemed merged into the judgment.

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13.10 Severability. In the event that any phrase, clause, sentence, paragraph, section, article or other portion of this Agreement shall become illegal, null or void or against public policy, for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void or against public policy, the remaining portions of this Agreement shall not be affected thereby and shall remain in force and effect to the fullest extent permissible by law.

13.11 Gender and Number. In this Agreement (unless the context requires otherwise), the masculine, feminine and neuter genders and the singular and the plural include one another.

13.12 No Real Estate Brokerage Commission. Seller shall not pay any real estate, brokerage, finders or other commission or fee in connection with this Agreement except pursuant to a separate agreement. Except for the Seller's broker identified in Item 9 of the Basic Terms which shall be paid by Seller and for the Buyer's broker identified in Item 9 of the Basic Terms which shall be paid by Buyer, each party represents and warrants to the other that it has not dealt with any broker, finder or other party, whether or not licensed, who may be entitled to a commission, finder's fee or similar payment, and hereby indemnifies, protects, defends (with legal counsel acceptable to the other party) and holds the other party free and harmless from and against any and all costs and liabilities, including, without limitation, reasonable attorneys' fees, for causes of action or proceedings which may be instituted by any broker, agent or finder, licensed or otherwise, claiming through, under or by reason of the conduct of such party in connection with this transaction. This indemnification shall survive the Close of Escrow. The broker, if any, shall not be entitled to any monies or other recovery realized by Seller arising out of Buyer's default.

13.13 Entire Agreement. This Agreement and Exhibits constitutes the entire agreement between the parties hereto pertaining to the subject matter hereof and all prior and contemporaneous agreements, representations, negotiations and understandings of the parties hereto, oral or written, are hereby superseded and merged herein. The foregoing sentence shall in no way affect the validity of any instruments executed by the parties in the form of the exhibits attached to this Agreement.

13.14 Notice and Payment. Any notice to be given or other document to be delivered by any party to the other or others hereunder, and any payments from Buyer to Seller, may be delivered in person to an officer of any party, or may be deposited in the United States mail, duly certified or registered, return receipt requested, with postage prepaid, or by Federal Express or other similar overnight delivery service and addressed to the party for whom intended, as specified in the Basic Terms or by facsimile. Any party hereto may from time to time, by written notice to the other, designate a different address which shall be substituted for the one above specified. Unless otherwise specifically provided for herein, all notices, payments, demands or other communications given hereunder shall be in writing and shall be deemed to have been duly given and received upon actual receipt (or refusal of delivery) if delivered by (i) personal delivery, (ii) mailing by United States registered or certified mail, return receipt requested, postage prepaid, addressed as set forth above, (iii) Federal Express or other equivalent overnight delivery system or (iv) facsimile, provided a copy of the notice is sent on the same day by personal delivery or overnight courier.

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13.15 No Partnership or Joint Venture. Seller and Buyer shall not, by virtue of this Agreement, in any way or for any reason be deemed to have become a partner of the other in the conduct of its business or otherwise, or a joint venturer. In addition, by virtue of this Agreement there shall not be deemed to have occurred a merger of any joint enterprise between Buyer and Seller. Buyer has made its own independent investigation regarding the Property and is not relying on any statement or representation made by Seller, its employees or agents, except as set forth in this Agreement.

13.16 Modification. No modification, waiver, amendment, discharge or change of this Agreement shall be valid unless the same is in writing and signed by the party against which the enforcement of such modification, waiver, amendment, discharge or change is or may be sought.

13.17 Agreement Survives Close of Escrow. All of the Surviving Obligations shall survive the termination of this Agreement or the Close of Escrow. All obligations referred to herein to be performed at a time or times after the Close of Escrow or contemplated herein to be performed after the Close of Escrow shall survive the Close of Escrow.

13.18 No Warranties. Except as otherwise specifically provided herein, neither Buyer nor Seller has made any representations, warranties or agreement by or on behalf of either party to the other party as to any matters concerning the Property. Each party expressly waives any rights of rescission and all claims for damages or the right to bring a suit for specific performance by reason of any statement, representation, warranty, promise or agreement, if any, not contained in this Agreement.

13.19 Counterparts. This Agreement may be executed in counterparts, each of which, when taken together, shall constitute a fully executed original.

13.20 Construction of Agreements. Each party has had this Agreement reviewed by legal counsel and further agrees that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendments or exhibits thereto.

13.21 Duty of Confidentiality. Buyer and Seller represent and warrant that each shall keep all information and/or reports obtained from the other, or related to or connected with the Property, the other party, or this transaction, confidential and will not disclose any such information to any person or entity without obtaining the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed, except for (i) such disclosures to the Escrow Agent, Title Company, and other third parties as may reasonably be necessary in order to consummate the transactions contemplated by this Agreement or in connection with the enforcement of or any dispute arising out of this Agreement; (ii) privileged communications by the respective parties, including communications with the parties' respective counsel; (iii) such disclosures as may be necessary or required by those governmental agencies, authorities, or examiners having jurisdiction over each of the parties; and (iv) such disclosures as may be required by subpoena or any other similar court order or discovery request in any civil or criminal proceeding or investigation.

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13.22 Exhibits. All exhibits attached hereto are incorporated herein by reference.

13.23 Cooperation in Exchange. Buyer and Seller both agree to reasonably cooperate, at no cost or liability to such party, in effectuating the purchase and sale of the Property as an IRC Section 1031 tax deferred exchange if requested by either party.

13.24 AGREEMENT WHEN SIGNED. THIS AGREEMENT SHALL BE OF NO FORCE OR EFFECT UNLESS AND UNTIL IT IS EXECUTED BY EACH PARTY AND AN EXECUTED COUNTERPART IS DELIVERED BY EACH PARTY TO THE OTHER PARTY AND TO THE ESCROW AGENT.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date.

SELLER:

BUYER:

NEXUS EQUITY VI, a California limited liability company

SLOUGH ESTATES USA INC., a Delaware corporation

By: LIGAND PHARMACEUTICALS
INCORPORATED, a Delaware

By: /s/ Marshall Lees

corporation, its Sole Member

Name: Marchall Lees

Title: President/CEO

By: /s/ Paul V. Maier

Its: Senior VP, CFO

By: /s/ Jonathan M. Bergschneider

By: /s/ Warner R. Broaddus

Name: Jonathan M. Bergschneider

Its: GC, VP & Secty

Title: Senior Vice President

LIGAND PHARMACEUTICALS
INCORPORATED, a Delaware corporation

By: /s/ Paul V. Maier

Its: Senior VP, CFO

By: /s/ Warner R. Broaddus

Its: GC, VP & Secty

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CONSENT OF ESCROW AGENT

The undersigned Escrow Agent hereby agrees to (i) accept the foregoing Agreement, (ii) be escrow agent under said Agreement and (iii) be bound by said Agreement in the performance of its duties as escrow agent.

DATED: _____

CHICAGO TITLE COMPANY
(Escrow Agent)

By:

Name:

Title:

1

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EXHIBIT A

Legal Description of the Land

PARCEL 1:

LOT 16 OF TORREY PINES SCIENCE CENTER, UNIT NO. 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 23, 1991.

PARCEL 2:

AN EASEMENT FOR (A) ACCESS, INGRESS AND EGRESS FOR FIRE AND OTHER EMERGENCY PURPOSES AND (B) ACCESS, INGRESS AND EGRESS FOR ALL OTHER NON-EMERGENCY PURPOSES OVER UNDER, ALONG UNDER THROUGH AND ACROSS THE WESTERLY 178 FEET OF THE SOUTHERLY 15 FEET OF LOT 17 OF TORREY PINES SCIENCE CENTER UNIT NO. 2 IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845. THE SIDELINES OF SAID 15-FOOT WIDE EASEMENT SHALL BE MEASURED PARALLEL AND PERPENDICULAR TO THE SOUTHERLY AND WESTERLY LINES OF SAID LOT 17.

PARCEL 3:

PARCEL 1 OF PARCEL MAP 17826, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1997.

PARCEL 4:

A RECIPROCAL EASEMENT AND RIGHT-OF-WAY FOR THE BENEFIT OF PARCEL 1 AS SET FORTH IN THAT CERTAIN GRANT OF RECIPROCAL ACCESS EASEMENTS EXECUTED AS OF SEPTEMBER 19, 1997 AND RECORDED OCTOBER 2, 1997 AS INSTRUMENT NO. 1997-490643 OF THE OFFICIAL RECORDS OF SAN DIEGO COUNTY, CALIFORNIA, WHICH EASEMENT AND RIGHT-OF-WAY IS LOCATED OVER, UPON, ALONG, UNDER, THROUGH AND ACROSS A PORTION OF LOT 13 OF TORREY PINES SCIENCE CENTER, UNIT 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845.

PARCEL 5:

PARCEL 2 OF PARCEL MAP NO. 17826, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1997.

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EXHIBIT A-1
List of Property Documents

- A. Current and Prior Year Tax Bills
 - B. Prior year s expense summary
 - C. Vendor List and Contracts
 - D. Property Insurance Policy
-

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EXHIBIT B
BILL OF SALE

NEXUS EQUITY VI, a California limited liability company, and LIGAND PHARMACEUTICALS INCORPORATED, a Delaware corporation (Seller), for good and valuable consideration paid by SLOUGH ESTATES USA INC., a Delaware corporation (Buyer), the receipt and sufficiency of which is hereby acknowledged, hereby sells, transfers, grants, bargains, conveys, assigns, and delivers to Buyer, its successors and assigns, all of the Fixtures and Personal Property (as defined in that certain Purchase Agreement and Escrow Instructions by and between Seller and Buyer dated as of September __, 2006 (the Purchase Agreement)) pertaining to the land more particularly described on Schedule 1 attached hereto, including, without limiting the generality of the foregoing, those items listed in Schedule 2 attached hereto (collectively, the Property). The Property is sold in an as-is condition without warranty, except that Seller shall warrant and defend unto Buyer and Buyer s successors and assigns title to the Property against all persons except those claiming by, through or under Buyer.

Seller shall promptly execute and deliver to Buyer any additional instrument or other document which Buyer reasonably requests to evidence or better effect the sale and transfer contained herein. Nothing contained in this Bill of Sale shall be deemed to limit, waive or otherwise derogate from any warranty, representation, covenant or indemnification made in the Purchase Agreement by either Seller or Buyer and none of such provisions in the Purchase Agreement shall be deemed to have merged into the sale and transfer made by this Bill of Sale. Each individual executing and delivering this Bill of Sale on behalf of Seller hereby represents and warrants to Buyer that such individual has been duly authorized and empowered to make such execution and delivery. The provisions of this instrument shall be binding upon and inure to the benefit of Seller and Buyer and their respective successors and assigns.

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IN WITNESS WHEREOF, Seller has executed this Bill of Sale this ___day of ___2006.

SELLER:

NEXUS EQUITY VI, a California limited liability company

By: LIGAND PHARMACEUTICALS
INCORPORATED, a Delaware
corporation, its Sole Member

By:

Its:

By:

Its:

LIGAND PHARMACEUTICALS
INCORPORATED, a Delaware corporation

By:

Its:

By:

Its:

BUYER:

SLOUGH ESTATES USA INC., a Delaware corporation

By:

Name:

Title:

By:

Name:

Title:

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SCHEDULE 1 TO EXHIBIT B

LAND

PARCEL 1:

LOT 16 OF TORREY PINES SCIENCE CENTER, UNIT NO. 2, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845, FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, JULY 23, 1991.

PARCEL 2:

AN EASEMENT FOR (A) ACCESS, INGRESS AND EGRESS FOR FIRE AND OTHER EMERGENCY PURPOSES AND (B) ACCESS, INGRESS AND EGRESS FOR ALL OTHER NON-EMERGENCY PURPOSES OVER UNDER, ALONG UNDER THROUGH AND ACROSS THE WESTERLY 178 FEET OF THE SOUTHERLY 15 FEET OF LOT 17 OF TORREY PINES SCIENCE CENTER UNIT NO. 2 IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF NO. 12845. THE SIDELINES OF SAID 15-FOOT WIDE EASEMENT SHALL BE MEASURED PARALLEL AND PERPENDICULAR TO THE SOUTHERLY AND WESTERLY LINES OF SAID LOT 17.

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PARCEL 5:

PARCEL 2 OF PARCEL MAP NO. 17826, IN THE CITY OF SAN DIEGO, COUNTY OF SAN DIEGO, STATE OF CALIFORNIA, ACCORDING TO MAP THEREOF FILED IN THE OFFICE OF THE COUNTY RECORDER OF SAN DIEGO COUNTY, FEBRUARY 18, 1997.

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SCHEDULE 2 TO EXHIBIT B
LIST OF PERSONAL PROPERTY
[To Be Attached]

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October 13, 2006

**LIGAND
PHARMACEUTICALS**

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System #	Asset TAG#	Description	Location	Acq date
	3345	FUME HOOD, FLOORING	SC2	
1990	849	MISC.	SC2	11/30/1990
1992	844	LEASEHOLD LABOR	SC2	10/16/1992
1995	1523	PAGING SPEAKERS	SC2	1/16/1995
1998	2888	FREEZER ALARM SYSTEM	SC2	2/19/1998
	3026	COMMONS LANDSCAPING	SC2	5/31/1998
	3030	COMMONS CONSTRUCTION	SC2	4/30/1998
	3113	CAFETERIA, ANTI FATIGUE MATS	SC2	7/31/1998
	3117	PAINTING, TRESTLES AT TORREY PINES	SC2	6/30/1998
	3173	INTERIOR DESIGN, PAINTINGS/FRAMES	SC2	9/30/1998
	3197	DOCUTECH ROOM CABINETS	SC2	10/30/1998
	3198	DOCUTECH ROOM CONTROLS/WIRING FO	SC2	12/31/1998
	3199	DOCUTECH ROOM FAN COIL	SC2	11/30/1998
	3212	INTERIOR DESIGN	SC2	11/30/1998

&nb