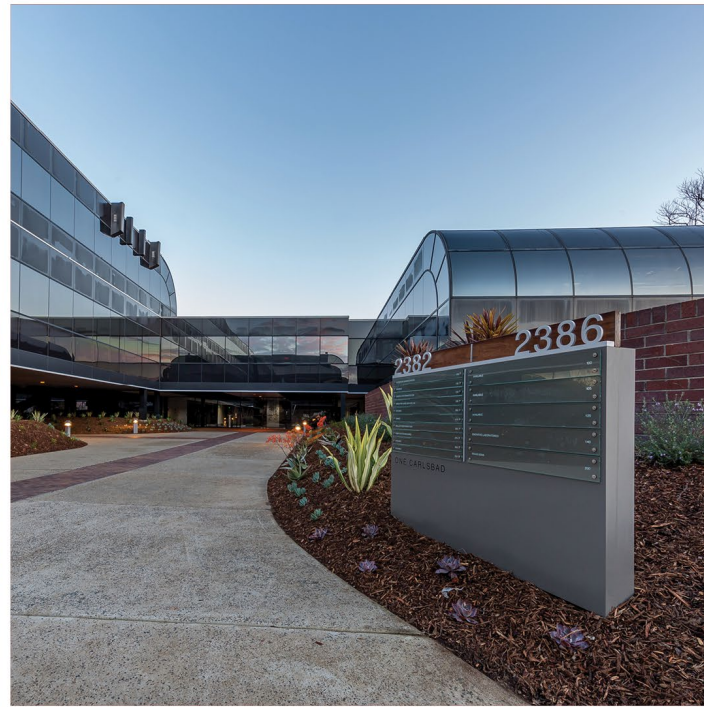


PROPOSAL TO LEASE



PREPARED FOR:

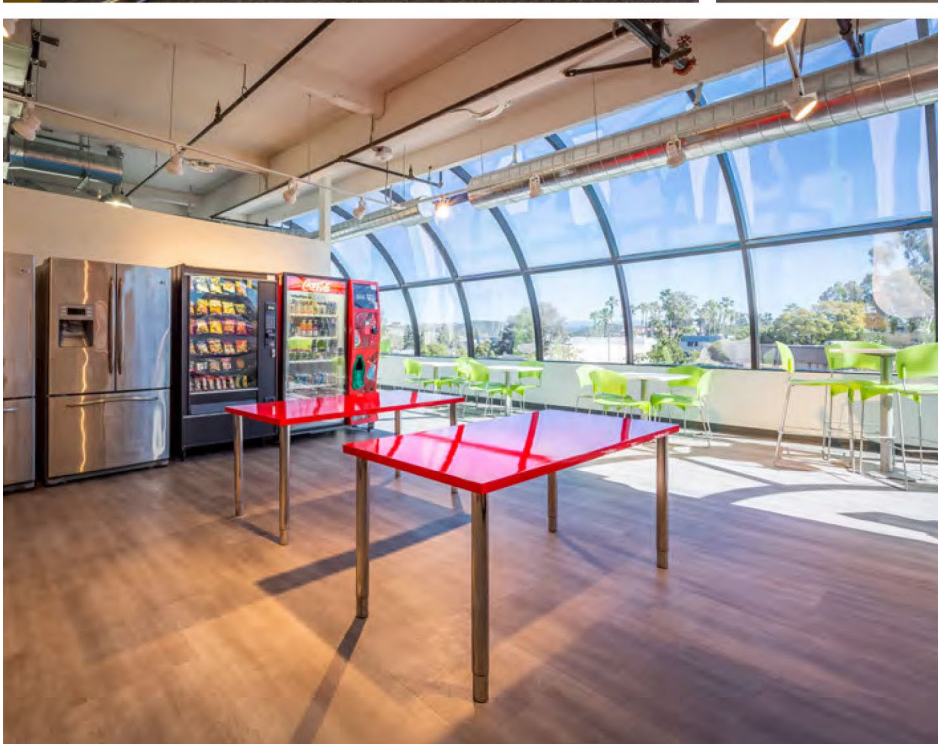
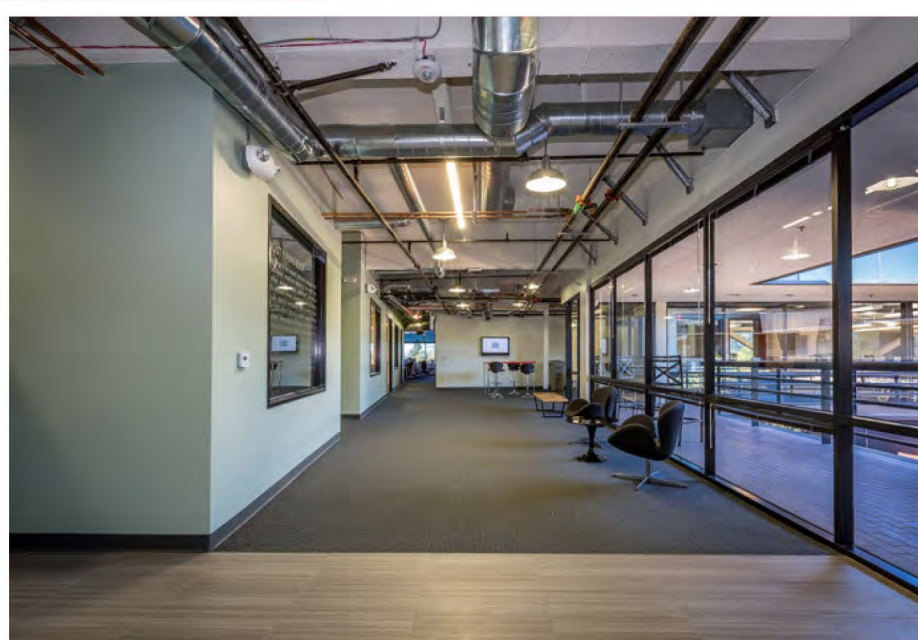


KnowledgeCity®
Learning Solutions





example interior photos



March 31, 2023

Hank Jenkins
Colliers International
Delivered via email.

**RE: KNOWLEDGE CITY
PROPOSAL TO LEASE
1 CARLSBAD, 2382/2386 FARADAY AVE., CARLSBAD, CA**

Dear Hank,

On behalf of **CEI Office Fund 8, LLC** ("Landlord"), I am pleased to provide the following proposal for your client to lease office space within the above-mentioned project. We would like to make you aware that the project is under new ownership and major common area renovations & upgrades were just completed to elevate the Project to a true 'Class A' work environment:

- Construction of new parking lot along Faraday Ave.
- Electric vehicle charging stations
- Renovated atrium courtyards to include seating areas, market lights and wifi
- New monument and directional signage
- Communal bicycles for tenant use
- New drought-resistant landscaping throughout the project

This proposal is non-binding and does not constitute a contract to negotiate or a binding preliminary commitment. The terms set forth below may be considered by "Tenant" and "Landlord" but do not create any legally binding obligations between "Tenant" and "Landlord".

- | | |
|---|---|
| 1. TENANT: | Knowledge City ("Tenant"). |
| 2. PROJECT: | A two-building Class "A" office building project comprised of approximately 100,029 rentable square feet located at 2382 and 2386 Faraday Avenue, Carlsbad, CA 92008 (the "Building/Project"). |
| 3. PREMISES: | Suite 200 consisting of approximately 22,151 rentable square feet located within the 2386 building of the Project ("Premises"). |
| 4. PERMITTED USE: | The use of the Premises shall be for general office and any other lawful non-medical, non-governmental purpose consistent with the character of a first-class office building. |
| 5. LEASE TERM &
COMMENCEMENT DATE: | The initial lease term shall be thirty-nine (39) months from the beginning of the commencement date ("Term") estimated to be November 1, 2023. |
| 6. EARLY OCCUPANCY: | Tenant shall be allowed beneficial occupancy of the Premises on September 1, 2023, sixty (60) days prior to commencement date. Tenant shall pay its full electricity charges attributable to such Early Occupancy period of time. |



- 7. MONTHLY BASE RENT/
ANNUAL INCREASES:**

The Monthly Base Rent shall be \$2.55 per rentable square foot, per month plus pro rata share of electricity. The Monthly Base Rent shall increase annually on the anniversary of the Lease Commencement Date by a fixed three percent (3%).
- 8. RENTAL ABATEMENT**

Tenant shall receive three (3) months of free rent with abatement in months two (2) through four (4) of the initial lease. Notwithstanding such abatement, Tenant shall pay its full electricity charges attributable to such period of time.
- 9. BASE YEAR AND
OPERATING EXPENSES:**

If, during the Lease Term, Tenant's proportionate share of taxes and operating expenses for the Building exceeds the amount of operating expenses and taxes for 2024, Tenant shall be responsible for such excess. Operating expenses will be calculated on a grossed-up basis reflecting variable operating expenses as if the Building were 100% occupied.
- 10. TENANT IMPROVEMENTS:**

Landlord shall install new flooring and paint throughout the Premises as well as build out three studios each approximately 1,500 SF.
- 11. TEST FIT ALLOWANCE**

Landlord's architect will complete an initial space program for Tenant. Landlord shall pay to perform one (1) test fit with the ability to perform one (1) modification. Should Tenant select subject property, Landlord agrees to provide space design and conceptual drawings.
- 12. SIGNAGE:**

Landlord, at Landlord's expense, shall install building standard tenant signage, on the lobby directory and at Tenant's suite entrance. Subject to approval by the City of Carlsbad, the Carlsbad Research Center Board and Landlord Tenant shall have the right to one non – exclusive space on the project monument sign and a building top exterior sign facing El Camino Real. Landlord shall have the right to review and approve all signage criteria and all signage shall be in conformance with existing City codes and the signage program for the Project. All costs pertaining to Tenant's signage shall be the sole responsibility of Tenant. Tenant must initiate the installation of the sign within six (6) months of the Commencement Date.
- 13. FIRST MONTH/
SECURITY DEPOSIT:**

Upon execution of the Lease Agreement, Tenant shall deliver the first month's rental payment and a Security Deposit in an amount equivalent with the Base Rent for the final month of the Lease Term, subject to Landlord's review of the financial information provided by Tenant for the entity signing on the lease.



14. HVAC:

Landlord, as part of operating expenses, shall furnish heating, ventilation and air-conditioning for normal office usage, Monday through Friday, from 8:00 a.m. to 6:00 p.m., and Saturday, from 9:00 a.m. to 1:00 p.m., except for recognized national and state holidays. Landlord shall provide, upon Tenant's request, after-hours heating, ventilation, and air conditioning, subject to Tenant's payment of Landlord's standard charge.

15. ASSIGNMENT & SUBLEASING:

Tenant may, from time to time, assign or sublease the Premises subject to Landlord's prior written consent, which shall not be unreasonably withheld, and subject to Landlord's recapture right set forth in the lease agreement. Landlord shall receive fifty percent (50%) of all profits paid in connection with any sublease or assignment in excess of Tenant's rental obligations under the lease agreement.

16. PARKING:

Tenant shall have the right to use unreserved parking spaces in the building's parking facility at a ratio of 4.0 per one thousand (1,000) usable square feet of Premises leased. There shall be no charge for such parking throughout the Term.

17. ELECTRICITY:

Tenant shall pay for the cost of electricity consumed at the Premises, at Tenant's sole cost and expense. Electricity to Tenant occupied spaces shall be excluded from Operating Expenses.

18. JANITORIAL:

Landlord, as part of operating expenses, will clean Tenant's premises five (5) days per week, except the date of observation of holidays.

19. TENANT ACCESS:

Except in emergency situations or as the result of applicable laws, Tenant shall have access to the Building seven (7) days per week, twenty-four (24) hours per day.

20. BROKERAGE:

Landlord is represented by *Joe Anderson & Brooks Campbell of Cushman & Wakefield, U.S., Inc.* ("Landlord's Broker") and Tenant is represented by *Brian Jenkins of Colliers International* ("Tenant's Broker"). In the event a lease is completed between Landlord and Tenant, Landlord's Broker agrees to pay Tenant's Broker, four percent (4.0%) of the total consideration of the Lease for Months 1-60. This commission shall be paid one-half (1/2) upon full Lease execution and one-half (1/2) upon occupancy and commencement of the Lease. Landlord's Broker shall be paid a fee per a separate agreement.



**21. SUBJECT TO
EXECUTION:**

The parties agree that it is their intention that no binding contract presently exists between them. A contract shall exist, if at all, only upon the full execution of a mutually agreeable written lease. The submission of draft agreements for review and negotiation by the other parties and/or the exchange of other correspondence does not imply an obligation on the part of any party to continue to "bargain in good faith" or "to negotiate to completion" or to "use best efforts" to consummate the transaction.

Any and all negotiations, letters, and drafts, whether or not signed by any party, shall (i) have no legal effect, (ii) not be used to impose any legally binding obligation on the other party, and (iii) not be used as evidence of any oral or implied agreement between the parties or as evidence of the terms and conditions of any implied agreement.

EXPIRATION:

This offer shall be in effect until **five days following delivery** at which time it shall become null and void.

LANDLORD AND TENANT ACKNOWLEDGE THAT THIS PROPOSAL IS NOT A LEASE AND IS NOT BINDING ON EITHER PARTY. THIS PROPOSAL IS INTENDED AS THE BASIS FOR PREPARATION OF A LEASE. THE LEASE SHALL BE SUBJECT TO LANDLORD'S, LANDLORD'S BANK'S, AND TENANT'S APPROVAL, AND ONLY A FULLY EXECUTED LEASE SHALL CONSTITUTE A BINDING AGREEMENT. BROKER MAKES NO WARRANTY OR REPRESENTATION TO LANDLORD OR TENANT THAT ACCEPTANCE OF THIS PROPOSAL WILL GUARANTEE THE EXECUTION OF A LEASE.

On behalf of Coseo Properties, we appreciate the opportunity to present this lease proposal to Thermo Fisher Scientific. If you should have any additional thoughts or questions, please call (760) 415-3245.

Sincerely,
Cushman & Wakefield

Joe Anderson
Office Properties Division
CA Lic. 01280854

AGREED AND ACCEPTED:

TENANT:

Knowledge City

By: _____

Title: _____



AGENCY CONFIRMATION
(per California Civil Code Section 2079.17)

Property Address: 2382 & 2386 Faraday Ave., Carlsbad CA

The following agency relationship(s) is/are hereby confirmed for this specific transaction:

Cushman & Wakefield U.S. Inc. is the agent of (check one):

- ☐ the ~~buyer~~ / lessee exclusively; or
☒ the ~~seller~~ / lessor exclusively; or
☐ both the ~~buyer~~ / lessee and the ~~seller~~ / lessor.

Colliers International Brokerage, Inc. is the agent of (check one):

- ☒ the ~~buyer~~ / lessee exclusively; or
☐ the seller / lessor exclusively; or
☐ both the buyer / lessee and the seller / lessor.

Acknowledged:

Seller/Lessor: _____ Date _____

Buyer/Lessee: _____ Date _____

Seller/Lessor Agent: Cushman & Wakefield BRE Lic. No. 01280854

By: _____ BRE Lic. No. 01380901
Joe Anderson

Date _____

Buyer/Lessee Agent: Colliers International BRE Lic. No. _____

By: _____ BRE Lic. No. _____
Hank Jenkins

Date _____



REAL PROPERTY DISCLOSURES

Cushman & Wakefield (“Broker”) provides this Notice in reference to a proposed transaction by and between **CEI Office Fund 8, LLC c/o Coseo Properties (“Lessor”)** and **Knowledge City (“Lessee”)** regarding real property identified as: **2382 & 2386 Faraday Ave. in the City of Carlsbad, California** (the **“Property”**). This Notice applies to any transaction involving any type of real property, whether improved or unimproved. As used herein, “Seller” includes, where applicable, a seller, lessor, or sub-lessor, and “Buyer” includes, where applicable, a buyer, lessee, or sub-lessee.

Hazardous Materials and Underground Storage Tanks

Comprehensive federal and state laws and regulations (“Laws”) control the use, storage, handling, removal and disposal of hazardous substances (“Hazardous Materials”). The term “Hazardous Materials” includes, but is not limited to, products containing petroleum, paint, solvents, lead, cyanide, DDT, inks, acids, pesticides, ammonium, asbestos, heavy metals, PCBs and a wide variety of other products. Hazardous Materials may be present at the Property due to current or prior use, or the use of adjacent properties. Some Laws impose liability upon owners, tenants, and users for clean-up costs and damages, regardless of such party’s lack of fault or involvement in the presence of such Hazardous Materials. Other Laws establish certain duties of disclosure which may apply to this transaction. For instance, a seller who has reason to believe that Hazardous Materials are present is required to disclose such knowledge to a buyer; the seller of any Property which contains any residential unit must disclose whether lead-based paint is present; and a seller or landlord must disclose reports and other information regarding the presence of asbestos in the Property to a buyer or tenant, and to contractors, employees, and others who may occupy the Property. A party who fails to make required disclosures may face substantial liability. The Laws regulating Hazardous Materials are extensive and complex, and it is not practical to list all such Laws in this Notice; nor is Broker qualified to advise you regarding your rights, obligations or liability that may arise in connection with Hazardous Materials. Broker recommends that you consult with your advisors with respect to these issues, and investigate prior and surrounding uses which may have caused Hazardous Materials to be present at the Property.

Americans with Disabilities Act (ADA)

The Americans with Disabilities Act (42 USC §12101 et seq.) requires, among other things, that owners of “public accommodations” remove barriers to access by disabled persons, and provide auxiliary aids and services for hearing, vision or speech impaired persons. Any change of use or alterations of the Premises may trigger such requirements, even if existing use is in compliance with the ADA. Broker recommends that you consult with your advisors regarding the ADA and related Laws, to determine whether and how the ADA might affect you.

Broker Disclaimer

Broker has made no independent investigation regarding the present or future use or zoning of the Property; ADA-related issues, matters relating to Hazardous Materials, or the compliance of the Property with the Occupational Safety and Health Act or any other federal, state, county or municipal Law. Broker has not investigated, and is not qualified to provide any opinion about the structural, mechanical, or soils conditions of the Property. Broker has not independently verified the size, measurements, or boundaries of the Property, and any representation thereof is made solely based upon information provided to Broker, which Broker deems reliable but does not warrant as accurate. You should consult your advisors on these matters. Buyer agrees to make its own investigation and determination regarding all matters affecting the value, condition, utility, size, compliance with Laws, and all aspects of the Property’s suitability for Buyer’s intended use.

Broker Representation

Broker has a wide variety of clients, and may represent another buyer interested in the same property as Buyer, or may represent sellers with property similar to Seller’s which may be competing with Seller’s. Broker may on occasion represent both the buyer and the seller in a transaction. Broker will not disclose the confidential information of one client to another client.



Natural Hazards (Sale Only)

Various state Laws require the seller and its broker to disclose the existence of certain Natural Hazards to a buyer, including whether the Property is located in an Earthquake Fault Zone, a Seismic Hazard Zone, a Special Flood Hazard Area, Area of Potential Flooding, a Fire Hazard Severity Zone, or a Wildland Fire Area. If Broker represents the Seller, Broker shall provide Buyer with a report prepared by an independent third party regarding such Natural Hazards during the due diligence period under the purchase contract.

In addition, some lenders require as a condition of obtaining financing on a property located in certain flood zones that flood insurance be carried. The National Flood Insurance Program provides such insurance at a reasonable cost. Cities or counties participating in the National Flood Insurance Program may have adopted building or zoning restrictions, or other measures affecting the Property, as part of their participation in the program. Broker has not made any independent investigation of these matters and recommends that you consult with the local governmental authorities and your advisors regarding the requirement for, availability, and cost of such insurance.

Taxes – Sale Only

Any real estate transaction may have federal, state and local tax consequences. Internal Revenue Code §1446 (FIRPTA) requires a buyer to withhold and pay to the IRS 10% of the gross sales price within 10 days after closing, unless the buyer can establish that the seller is a “nonforeign person.” The amount of tax required to be withheld may, depending on the structure of the transaction, exceed the seller’s net proceeds, for which the buyer may be liable. The title company will require that seller deliver a “Non-Foreign Seller Affidavit” prior to closing, or in the alternative will withhold such proceeds and may require the buyer to pay any additional sums necessary to satisfy this requirement. In addition, California Revenue & Taxation Code §18662 requires a buyer to withhold and pay to the California Franchise Tax Board 3-1/3% of the gross sales price, subject to certain exceptions.

Broker is not qualified to provide tax or accounting advice, and has made no independent investigation as to the possible tax withholding liabilities in this transaction. Broker recommends that you consult with your advisors regarding these issues.

Commercial Property Owner’s Guide to Earthquake Safety – Sale Only

California Government Code §§8875.6 and 8893 et seq. require that the Seller (or its agent) of a precast concrete or reinforced or unreinforced masonry building with wood frame floors or roof which was built before January 1, 1975 must deliver to the Buyer a copy of “The Commercial Property Owner’s Guide to Earthquake Safety” published by the California Seismic Safety Commission. Buyer acknowledges that Seller and/or Broker has disclosed whether such requirement applies to this Property, and if so, that Broker has delivered to Buyer a copy of that Guide.

Water Heater Bracing Disclosure and Certification – Sale Only

Seller hereby certifies that all water heaters in or on the Property are braced, anchored or strapped to resist falling or horizontal displacement due to earthquake motions as required by state and applicable local codes.

General Disclaimer

This proposal is merely a statement of the terms upon which the parties may be interested in pursuing further negotiations concerning the property, and is not intended to be a complete or binding agreement. No binding agreements shall be created between the parties until a full and final written agreement, containing these and all other terms of the transaction, is prepared, reviewed and approved by the parties’ respective counsel, if any, and mutually executed and delivered.

Each party acknowledges that it has incurred, and will incur, costs and expenses in connection with the transaction contemplated hereby, including but not limited to the costs of investigation and assessment of the



economic and other merits of the proposal, as well as legal expenses in connection with the preparation of a final and binding agreement, all of which costs are incurred at such party's sole cost and risk, and not in reliance upon any act or representations of the other party or its agent. Either party may terminate the negotiations at any time for any reason, or for no reason, without liability or obligation whatsoever.

The parties acknowledge that Broker has made no independent determination or investigation regarding the present or future use or zoning of the property, its compliance with state, local, or federal laws, availability of governmental permits or approvals, measurements of land and/or buildings, or the condition of the property, including, but not limited to its environmental, structural, mechanical and soils conditions. Broker recommends the parties consult with their own advisors with experience in these matters. Buyer/Lessee agrees to make its own investigation and determination regarding such items.

Any agreement reached pursuant to these negotiations shall be subject to all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the parties, property or subject matter of this proposal, including but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment in Realty Property Tax Act, the Comprehensive Response Compensation and Liability Act, and Americans with Disabilities Act.

A real estate broker is qualified to advise on real estate matters, but is not authorized to give legal or tax advice. No representation or recommendation is made by Cushman & Wakefield or its agents or employees as to the legal sufficiency, legal effect or investment or tax consequences of this document, the purchase and sale agreement, or any transaction relating thereto since these are matters which should be discussed with your consultants and advisors.