



April 21, 2023

Hank Jenkins
Colliers
Sent via Electronic Mail

RE: Proposal to Lease
Knowledge City
Element | 2236 Rutherford Road, Carlsbad, CA

Dear Hank:

On behalf of Nelli-Regen Three LLC ("Landlord"), we are pleased to present to Knowledge City ("Tenant") the following terms and conditions upon which Landlord may consider a lease. This Proposal to Lease 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. **LANDLORD:** Nelli-Regen Three LLC
3. **PREMISES:**

Tenant shall lease approximately 17,785 rentable square feet located at 2236 Rutherford Road, Suites 101 through 107 ("Premises"). The Premises contain the existing features and amenities:

 - Parking ratio of up to 3.1/1,000 RSF
 - Newly renovated outdoor amenity areas and new landscaping
 - Located in North San Diego's premier corporate HQ location
 - Close proximity to retail amenities plus walking distance to the Island at Carlsbad Food Court
 - Proximity to nature trails
 - 24' clear height

Suites 103, 105, and 107 are subject to a lease with a third-party tenant. Should Landlord and Tenant come to an agreement on terms herein, Landlord will utilize commercially reasonable efforts to recapture these spaces from said tenant. Therefore, Landlord's ability to deliver these spaces must remain contingent upon such a recapture occurring.
4. **INITIAL LEASE TERM:** Initial Lease Term shall be sixty-three (63) months.
5. **COMMENCEMENT DATE:** The Lease shall commence on September 1, 2023 ("Commencement").
6. **BASE TERM MONTHLY RENTAL RATE:**

The Base Rent for the Premises for the first twelve months of the Lease Term shall be \$1.85 per rentable square foot NNN.

The rent shall increase by a fixed three and one-half percent (3.5%) on each anniversary of the Lease Commencement Date.
7. **RENTAL ABATEMENT:** Landlord shall abate the monthly rent for three (3) months of the initial Lease Term in months one (1) through three (3). Rental Abatement shall be outside the Lease Term.

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8. **OPTION TO EXTEND:** Tenant shall have one (1) option to extend the term of the Lease. The option term shall be for a period of five (5) years. Tenant's exercise of any option shall be upon first giving Landlord written notice of its intention to exercise any such option no less than 9 months but not greater than 12 months prior to the expiration of the then-current term. The rate for the first year of the Extended Term shall be equal to the greater of: (i) the then Fair Market Value, or (ii) a 3.5% increase from the rate in the final year of the Initial Lease Term. Additional terms to be further defined in the lease.
9. **PRIOR OCCUPANCY:** Tenant and its contractors, subcontractors, agents, etc. will be permitted to enter the Premises thirty (30) days prior to the Lease Commencement Date with no obligation to pay the Base Rent or any Occupancy Costs, for the purpose of installing furniture, fixtures, equipment, and leasehold improvements.
10. **TENANT IMPROVEMENTS:** Landlord shall provide a Tenant Improvement Allowance equal to five dollars (\$5.00) per square foot. Any and all improvements made by Tenant may be required to be removed upon lease expiration, subject to Landlord's review and approval of Tenant's space plans.
11. **OPERATING EXPENSES:** In addition to paying Base Rent, tenant shall pay as additional rent Tenant's prorata share of the annual NNN Expenses which are estimated to be \$0.53 per square foot.
12. **BUILDING ACCESS:** Tenant shall be granted access to the Premises 24 hours a day, 7 days a week.
13. **SECURITY DEPOSIT:** Upon lease execution, Tenant shall provide a Security Deposit that shall be equal to final month's gross rent. Additional securitization is subject to review of financials.
14. **FIRST MONTH'S RENT:** Upon lease execution, Tenant to pay the first month's Base Rent and Operating Expenses in addition to Security Deposit.
15. **SIGNAGE:** Tenant shall be allowed to install exterior building signage at Tenant's sole cost and expense, subject to Landlord's design approval, the City of Carlsbad's signage criteria, and any CC&Rs or similar requirements. Tenant signage rights are subject to any existing rights of tenants at the Building. All costs associated with the fabrication, installation, permitting, removal and maintenance of said signage shall be the sole responsibility of Tenant.
16. **PARKING:** Tenant shall have parking available at a ratio of up to 3.1/1,000 and at no cost during the Term.
17. **USE:** Tenant shall have the right to use and occupy the Premises for general business offices and any other lawful uses.
18. **RIGHT TO SUBLEASE OR ASSIGN:** 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.
19. **BROKERAGE:** Landlord shall pay a commission leasing fee to Hank Jenkins as Tenant's exclusive agent, equal to four percent (4%) of the total base rent consideration for the Premises. Said commission shall be paid fifty percent (50%) upon execution of a lease document and fifty percent (50%) upon lease commencement.

20. **CONTINGENCIES:**
- a) The understanding that neither party may claim any legal rights against the other by reason of the signing of this letter or by taking any action in reliance thereon and that no obligation whatsoever between them shall arise until a lease has been fully executed by both parties
 - b) Landlord's receipt and approval of Tenant's financials and documentation of legal entity
 - c) Availability of space

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 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.

This proposal shall expire five (5) days after delivery to Tenant. Should you have any questions on the aforementioned, please feel free to contact me at (760) 431-4211.

Sincerely,
Cushman & Wakefield



Aric Starck
Executive Vice Chairman
Lic. No. 01325461



Don Trapani
Director
Lic. No. 01208252



Melanie Haynes
Director
Lic. No. 02043811

The undersigned has read the foregoing, understands that this proposal is completely non-binding and desires to pursue further discussions regarding a possible lease in this property.

TENANT: Knowledge City

By: _____

Date: _____

LANDLORD: Nelli-Regen Three LLC

By: _____

Date: _____