

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

KBS Real Estate Investment Trust II, Inc.

CIK: **1411059** | IRS No.: **260658752** | State of Incorporation: **MD** | Fiscal Year End: **1231**
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SIC: **6798** Real estate investment trusts

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2022

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 000-53649

KBS REAL ESTATE INVESTMENT TRUST II, INC.

(Exact Name of Registrant as Specified in Its Charter)

Maryland

(State or Other Jurisdiction of
Incorporation or Organization)

26-0658752

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

800 Newport Center Drive, Suite 700

Newport Beach, California

(Address of Principal Executive Offices)

92660

(Zip Code)

(949) 417-6500

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on Which Registered

None

None

Trading Symbol(s)

None

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 10, 2022, there were 183,346,918 outstanding shares of common stock of the registrant.

KBS REAL ESTATE INVESTMENT TRUST II, INC.

FORM 10-Q

June 30, 2022

INDEX

PART I.	FINANCIAL INFORMATION	2
Item 1.	Financial Statements	2
	Condensed Consolidated Statements of Net Assets (Liquidation Basis) as of June 30, 2022 (unaudited) and December 31, 2021	2
	Condensed Consolidated Statement of Changes in Net Assets (Liquidation Basis, unaudited) for the Six Months ended June 30, 2022	3
	Condensed Notes to Consolidated Financial Statements as of June 30, 2022 (unaudited)	4
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	12
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	17
Item 4.	Controls and Procedures	17
PART II.	OTHER INFORMATION	18
Item 1.	Legal Proceedings	18
Item 1A.	Risk Factors	18
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	18
Item 3.	Defaults upon Senior Securities	18
Item 4.	Mine Safety Disclosures	18
Item 5.	Other Information	18
Item 6.	Exhibits	20
SIGNATURES		21

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

KBS REAL ESTATE INVESTMENT TRUST II, INC.
CONDENSED CONSOLIDATED STATEMENTS OF NET ASSETS

(Liquidation Basis)

(in thousands)

	June 30, 2022	December 31, 2021
	(unaudited)	
Assets		
Real estate	\$ 153,497	\$ 188,383
Cash and cash equivalents	38,306	45,163
Rents and other receivables	236	342
Due from affiliate	5	727
Other assets	34	171
Total assets	192,078	234,786
Liabilities		
Liabilities for estimated costs in excess of estimated receipts during liquidation	15,790	22,021
Accounts payable and accrued liabilities	1,089	1,833
Due to affiliate	6	29
Liabilities for estimated closing costs and disposition fees	3,295	4,008
Other liabilities	1,074	1,374
Total liabilities	21,254	29,265
Commitments and contingencies (Note 8)		
Net assets in liquidation	\$ 170,824	\$ 205,521

See accompanying condensed notes to consolidated financial statements.

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 1. Financial Statements (continued)

KBS REAL ESTATE INVESTMENT TRUST II, INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the Six Months Ended June 30, 2022

(Liquidation Basis)

(unaudited, in thousands)

Net assets in liquidation, beginning of period	\$	205,521
<i>Changes in net assets in liquidation</i>		
Change in liquidation value of real estate property after closing costs/disposition fees		(34,173)
Change in estimated cash flow during liquidation		(268)
Change in estimated capital expenditures		(42)
Other changes, net		(214)
Changes in net assets in liquidation		<u>(34,697)</u>
Net assets in liquidation, end of period	\$	<u><u>170,824</u></u>

See accompanying condensed notes to consolidated financial statements.

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 1. Financial Statements (continued)

KBS REAL ESTATE INVESTMENT TRUST II, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022

(unaudited)

1. ORGANIZATION

KBS Real Estate Investment Trust II, Inc. (the “Company”) was formed on July 12, 2007 as a Maryland corporation that elected to be taxed as a real estate investment trust (“REIT”) beginning with the taxable year ended December 31, 2008. The Company conducts its business primarily through KBS Limited Partnership II, a Delaware limited partnership formed on August 23, 2007 (the “Operating Partnership”), and its subsidiaries. The Company is the sole general partner of and directly owns a 0.1% partnership interest in the Operating Partnership. The Company’s wholly-owned subsidiary, KBS REIT Holdings II LLC, a Delaware limited liability company formed on August 23, 2007 (“KBS REIT Holdings II”), owns the remaining 99.9% partnership interest in the Operating Partnership and is its sole limited partner.

As of June 30, 2022, the Company owned one office property.

Subject to certain restrictions and limitations, the business of the Company is managed by KBS Capital Advisors LLC (the “Advisor”), an affiliate of the Company, pursuant to an advisory agreement the Company entered into with the Advisor (the “Advisory Agreement”). The Advisory Agreement is effective through May 21, 2023 and may be renewed for an unlimited number of one-year periods upon the mutual consent of the Advisor and the Company. Either party may terminate the Advisory Agreement upon 60 days’ written notice. The Advisor owns 20,000 shares of the Company’s common stock.

As of June 30, 2022, the Company had 183,346,918 shares of common stock issued and outstanding.

On November 13, 2019, in connection with a review of potential strategic alternatives available to the Company, a special committee composed of all of the Company’s independent directors (the “Special Committee”) and the board of directors unanimously approved the sale of all of the Company’s assets and the dissolution of the Company pursuant to the terms of the plan of complete liquidation and dissolution (the “Plan of Liquidation”). The principal purpose of the Plan of Liquidation is to provide liquidity to the Company’s stockholders by selling the Company’s assets, paying its debts and distributing the net proceeds from liquidation to the Company’s stockholders. On March 5, 2020, the Company’s stockholders approved the Plan of Liquidation. The Plan of Liquidation is included as an exhibit to this Quarterly Report on Form 10-Q.

COVID-19 Pandemic

One of the most significant risks and uncertainties facing the Company and the real estate industry generally, and in particular office REITs like the Company, continues to be the effect of the public health crisis of the novel coronavirus disease (“COVID-19”) pandemic. To date, the Company has not experienced significant disruptions in its operations from the COVID-19 pandemic, although the Company’s completion of the Plan of Liquidation has been delayed. During the six months ended June 30, 2022, the Company reduced the estimated liquidation value of its remaining real estate property by \$34.2 million (after estimated closing costs and disposition fees) partly due to changes in leasing projections resulting in lower projected cash flow and a lower projected sale price caused by the impact of the COVID-19 pandemic. During the years ended December 31, 2021 and 2020, the Company reduced the estimated liquidation value of its real estate portfolio by \$78.1 million (or \$54.6 million after accounting for the decrease in estimated capital expenditures of \$23.5 million that was previously projected to be spent) and \$90.2 million, respectively, due to changes in leasing projections across its portfolio resulting in lower projected cash flow and projected sales prices caused by the impact of the COVID-19 pandemic.

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 1. Financial Statements (continued)

KBS REAL ESTATE INVESTMENT TRUST II, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

(unaudited)

1. ORGANIZATION (CONTINUED)

The extent to which the COVID-19 pandemic further impacts the Company's completion of the Plan of Liquidation depends on future developments, which remain uncertain and cannot be predicted with confidence, including the demand for office space in downtown Los Angeles, where the Company's remaining property is located, which demand has significantly declined as a result of the COVID-19 pandemic, with employees continuing to work from home.

2. PLAN OF LIQUIDATION

The Plan of Liquidation authorizes the Company to undertake an orderly liquidation. In an orderly liquidation, the Company will sell all of its properties, pay all of its known liabilities, provide for the payment of its unknown or contingent liabilities, distribute its remaining cash to its stockholders, wind up its operations and dissolve. The Company is authorized to provide for the payment of any unascertained or contingent liabilities and may do so by purchasing insurance, by establishing a reserve fund or in other ways.

The Plan of Liquidation enables the Company to sell any and all of its assets without further approval of its stockholders and provides that the amounts and timing of liquidating distributions will be determined by the Company's board of directors. At the time of adopting the Plan of Liquidation, the Company had anticipated completing its orderly liquidation and paying substantially all of its liquidating distributions from the net proceeds from liquidation within 24 months after stockholder approval of the Plan of Liquidation, which occurred on March 5, 2020. Given the uncertainty and business disruptions as a result of the outbreak of COVID-19 and more recently the rising interest rate environment, the Company's completion of the Plan of Liquidation has been delayed. Although the Company was not able to complete its liquidation within the 24-month period described above, the Company does not anticipate any material unfavorable tax consequences to its stockholders or to its status as a REIT. For U.S. federal income tax purposes, (i) the Company did not have any current and accumulated earnings and profits (including any gain) or taxable income or gain for the taxable years ended December 31, 2020 and December 31, 2021 and (ii) the Company does not anticipate any current and accumulated earnings and profits (including any gain) or taxable income or gain for the taxable year ended December 31, 2022 or in future periods.

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 1. Financial Statements (continued)

KBS REAL ESTATE INVESTMENT TRUST II, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

(unaudited)

2. PLAN OF LIQUIDATION (CONTINUED)

The Company's expectations about the completion of the Plan of Liquidation and the amount of any additional liquidating distributions that the Company pays to its stockholders and when the Company will pay them are subject to risks and uncertainties and are based on certain estimates and assumptions, one or more of which may prove to be incorrect. As a result, the actual amount of any additional liquidating distributions the Company pays to its stockholders may be less than the Company estimates and the liquidating distributions may be paid later than the Company predicts. There are many factors that may affect the amount of liquidating distributions the Company will ultimately pay to its stockholders. If the Company underestimates its existing obligations and liabilities or the amount of taxes, transaction fees and expenses relating to the liquidation and dissolution, or if unanticipated or contingent liabilities arise, the amount of liquidating distributions ultimately paid to the Company's stockholders could be less than estimated. Moreover, the liquidation value will fluctuate over time in response to developments related to the Company's remaining real estate property, in response to the real estate and finance markets, based on the actual liquidation timing and the amount of net proceeds received from the disposition of the Company's remaining asset and due to other factors. In particular, the outbreak of COVID-19, together with the resulting measures imposed to help control the spread of the virus, has had a negative impact on the economy and business activity globally. While the Company has considered the impact from COVID-19 in its net assets in liquidation presented on the Condensed Consolidated Statement of Net Assets as of June 30, 2022, the extent to which the Company's completion of the Plan of Liquidation may be further affected by the COVID-19 pandemic depends on future developments, which remain uncertain and cannot be predicted with confidence, including the demand for office space in downtown Los Angeles, where the Company's remaining property is located, which demand has significantly declined as a result of the COVID-19 pandemic, with employees continuing to work from home. The Company's completion of the Plan of Liquidation may also be adversely impacted by the current economic slowdown, the rising interest rate environment and inflation, or the public perception that any of these events may continue. Given the uncertainty and current business disruptions as a result of the factors discussed above, the Company's completion of the Plan of Liquidation may be materially and adversely impacted and this may have a material effect on the ultimate amount and timing of liquidating distributions received by stockholders. Accordingly, it is not possible to precisely predict the timing of any additional liquidating distributions the Company pays to its stockholders or the aggregate amount of liquidating distributions that the Company will ultimately pay to its stockholders. No assurance can be given that any additional liquidating distributions the Company pays to its stockholders will equal or exceed the estimate of net assets in liquidation presented on the Condensed Consolidated Statement of Net Assets as of June 30, 2022.

The Company expects to comply with the requirements necessary to continue to qualify as a REIT through the completion of the liquidation process. The board of directors shall use commercially reasonable efforts to continue to cause the Company to maintain its REIT status; provided, however, that the board of directors may elect to terminate the Company's status as a REIT if it determines that such termination would be in the best interest of the stockholders.

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 1. Financial Statements (continued)

KBS REAL ESTATE INVESTMENT TRUST II, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

(unaudited)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no significant changes to the Company's accounting policies since it filed its audited financial statements in its Annual Report on Form 10-K for the year ended December 31, 2021. For further information about the Company's accounting policies, refer to the Company's consolidated financial statements and notes thereto for the year ended December 31, 2021 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC").

Principles of Consolidation and Basis of Presentation

The accompanying unaudited consolidated financial statements and condensed notes thereto have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information as contained within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), including Subtopic 205-30, "Liquidation Basis of Accounting," and the rules and regulations of the SEC, including the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the unaudited consolidated financial statements do not include all of the information and footnotes required by GAAP for audited financial statements. In the opinion of management, the financial statements for the unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary for a fair and consistent presentation of the results for such periods.

Pursuant to the Company's stockholders' approval of the Plan of Liquidation, the Company adopted the liquidation basis of accounting as of and for the periods subsequent to February 1, 2020 (as the approval of the Plan of Liquidation by the Company's stockholders became imminent within the first week of February 2020 based on the results of the Company's solicitation of proxies from its stockholders for their approval of the Plan of Liquidation). Accordingly, on February 1, 2020, assets were adjusted to their estimated net realizable value, or liquidation value, which represents the estimated amount of cash that the Company will collect through the disposal of assets as it carries out the Plan of Liquidation. The liquidation value of the Company's real estate property is presented on an undiscounted basis. Estimated costs to dispose of assets and estimated capital expenditures through the anticipated disposition date of the real estate property have been presented separately from the related assets. Liabilities are carried at their contractual amounts due or estimated settlement amounts.

The Company accrues costs and income that it expects to incur and earn through the completion of its liquidation, including the estimated amount of cash the Company expects to collect through the disposal of its assets and the estimated costs to dispose of its assets, to the extent it has a reasonable basis for estimation. These amounts are classified as a liability for estimated costs in excess of estimated receipts during liquidation on the Condensed Consolidated Statement of Net Assets. Actual costs and income may differ from amounts reflected in the financial statements because of the inherent uncertainty in estimating future events. These differences may be material. See Note 2, "Plan of Liquidation" and Note 4, "Liabilities for Estimated Costs in Excess of Estimated Receipts During Liquidation" for further discussion. Actual costs incurred but unpaid as of June 30, 2022 are included in accounts payable and accrued liabilities, due to affiliates and other liabilities on the Condensed Consolidated Statement of Net Assets.

Net assets in liquidation represents the remaining estimated liquidation value available to stockholders upon liquidation. Due to the uncertainty in the timing of the sale of the Company's remaining real estate property and the estimated cash flows from operations, actual liquidation costs and sale proceeds may differ materially from the amounts estimated.

Use of Estimates

The preparation of the unaudited consolidated financial statements and condensed notes thereto in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and condensed notes. Actual results could materially differ from those estimates.

PART I. FINANCIAL INFORMATION (CONTINUED)**Item 1. Financial Statements (continued)****KBS REAL ESTATE INVESTMENT TRUST II, INC.****CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2022

(unaudited)

4. LIABILITIES FOR ESTIMATED COSTS IN EXCESS OF ESTIMATED RECEIPTS DURING LIQUIDATION

The liquidation basis of accounting requires the Company to estimate net cash flows from operations and to accrue all costs associated with implementing and completing the Plan of Liquidation. As of June 30, 2022, the Company estimated that it will have costs in excess of estimated receipts during the liquidation process. These amounts can vary significantly due to, among other things, the timing and estimates for executing and renewing leases, estimates of tenant improvement costs and capital expenditures, the timing of property sales, direct costs incurred to complete the sales, the timing and amounts associated with discharging known and contingent liabilities and the costs associated with the winding down of operations. These costs are estimated and are anticipated to be paid out over the liquidation period.

The change in the liabilities for estimated costs in excess of estimated receipts during liquidation as of June 30, 2022 is as follows (in thousands):

	December 31, 2021	Cash Payments (Receipts)	Remeasurement of Assets and Liabilities	June 30, 2022
Assets:				
Estimated net inflows from investments in real estate	\$ 4,415	\$ (3,815)	\$ 1,183	\$ 1,783
	4,415	(3,815)	1,183	1,783
Liabilities:				
Liquidation transaction costs	(2,760)	—	—	(2,760)
Corporate expenditures	(4,246)	2,985	(1,451)	(2,712)
Capital expenditures	(19,430)	7,371	(42)	(12,101)
	(26,436)	10,356	(1,493)	(17,573)
Total liabilities for estimated costs in excess of estimated receipts during liquidation	\$ (22,021)	\$ 6,541	\$ (310)	\$ (15,790)

5. NET ASSETS IN LIQUIDATION

Net assets in liquidation decreased by approximately \$34.7 million during the six months ended June 30, 2022 as follows (in thousands):

Changes in net assets in liquidation		
Change in liquidation value of real estate property after closing costs/disposition fees	\$	(34,173)
Change in estimated cash flow during liquidation		(268)
Change in estimated capital expenditures		(42)
Other changes, net		(214)
Changes in net assets in liquidation	\$	<u>(34,697)</u>

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 1. Financial Statements (continued)

KBS REAL ESTATE INVESTMENT TRUST II, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

(unaudited)

5. NET ASSETS IN LIQUIDATION (CONTINUED)

During the six months ended June 30, 2022, the estimated net realizable value of real estate after estimated closing costs and disposition fees of the Company's remaining office building located in Los Angeles, California ("Union Bank Plaza") decreased by \$34.2 million as the liquidation value was adjusted based on the contractual sales price less estimated closing credits as the property is currently under contract to sell. See Note 9, "Subsequent Events - Purchase and Sale Agreement for Sale of Union Bank Plaza." This was the largest component of the decline in net assets in liquidation. As of June 30, 2022, Union Bank Plaza was 59% occupied. Demand for office space in downtown Los Angeles significantly declined as a result of the COVID-19 pandemic, with employees continuing to work from home. In addition, with rising interest rates, prospective buyers are challenged to obtain favorable financing, which along with the lower demand for office space, is impacting the projected cash flows of the property and the purchase price prospective buyers are willing to pay for the property.

The net assets in liquidation as of June 30, 2022 would result in the payment of additional estimated liquidating distributions of approximately \$0.93 per share of common stock to the Company's stockholders of record as of June 30, 2022. This estimate of additional liquidating distributions includes projections of costs and expenses to be incurred during the estimated period required to complete the Plan of Liquidation. There is inherent uncertainty with these estimates and projections, and they could change materially based on the timing of the sale of Union Bank Plaza, the performance of Union Bank Plaza and any changes in the underlying assumptions of the projected cash flows from this property. See Note 2, "Plan of Liquidation."

6. REAL ESTATE

As of June 30, 2022, the Company owned Union Bank Plaza, encompassing in the aggregate 701,888 rentable square feet with an estimated liquidation value of \$153.5 million, exclusive of net operating income to be earned and projected capital expenditures to be incurred over the expected hold period through sale. As of June 30, 2022, Union Bank Plaza was 59% occupied.

As a result of adopting the liquidation basis of accounting as of February 1, 2020, as of June 30, 2022, Union Bank Plaza was recorded at its estimated liquidation value, which represents the estimated gross amount of cash that the Company will collect through the sale of Union Bank Plaza as it carries out its Plan of Liquidation.

7. RELATED PARTY TRANSACTIONS

The Company has entered into the Advisory Agreement with the Advisor. This agreement entitles the Advisor to specified fees upon the provision of certain services with regard to the management of the Company's investments, among other services, and the disposition of investments, as well as reimbursement of certain costs incurred by the Advisor in providing services to the Company. In addition, the Advisor is entitled to certain other fees, including an incentive fee upon achieving certain performance goals, as detailed in the Advisory Agreement. The Company has also entered into a fee reimbursement agreement with KBS Capital Markets Group LLC (the "Dealer Manager") pursuant to which the Company agreed to reimburse the Dealer Manager for certain fees and expenses it incurs for administering the Company's participation in the Depository Trust & Clearing Corporation Alternative Investment Product Platform with respect to certain accounts of the Company's investors serviced through the platform. The Advisor and Dealer Manager also serve

or served as the advisor and dealer manager, respectively, for KBS Real Estate Investment Trust III, Inc. (“KBS REIT III”) and KBS Growth & Income REIT, Inc. (“KBS Growth & Income REIT”).

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 1. Financial Statements (continued)

KBS REAL ESTATE INVESTMENT TRUST II, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

(unaudited)

7. RELATED PARTY TRANSACTIONS (CONTINUED)

As of January 1, 2021, the Company, together with KBS REIT III, KBS Growth & Income REIT, the Dealer Manager, the Advisor and other KBS-affiliated entities, had entered into an errors and omissions and directors and officers liability insurance program where the lower tiers of such insurance coverage were shared. The cost of these lower tiers was allocated by the Advisor and its insurance broker among each of the various entities covered by the program, and was billed directly to each entity. The program was effective through June 30, 2022. In connection with the Company's liquidation, the Company ceased participation in the program as of June 30, 2022 and obtained separate insurance coverage.

During the six months ended June 30, 2022 and 2021, no other business transactions occurred between the Company and KBS REIT III, KBS Growth & Income REIT, the Advisor, the Dealer Manager or other KBS-affiliated entities.

Pursuant to the terms of these agreements, summarized below are the related-party costs incurred by the Company for the three and six months ended June 30, 2022 and 2021, respectively, and any related amounts receivable and payable as of June 30, 2022 and December 31, 2021 (in thousands):

	Incurred				Receivable as of		Payable as of	
	Three Months Ended June 30,		Six Months Ended June 30,		June 30,	December 31,	June 30,	December 31,
	2022	2021	2022	2021	2022	2021	2022	2021
<i>Expensed</i>								
Asset management fees	\$ 525	\$ 1,476	\$ 1,039	\$ 2,914	\$ —	\$ —	\$ —	\$ —
Reimbursement of operating expenses ⁽¹⁾	8	95	26	221	5	727	6	29
	\$ 533	\$ 1,571	\$ 1,065	\$ 3,135	\$ 5	\$ 727	\$ 6	\$ 29

⁽¹⁾ Reimbursable operating expenses primarily consists of internal audit personnel costs, accounting software costs and cybersecurity related expenses incurred by the Advisor under the Advisory Agreement. The Company has reimbursed the Advisor for the Company's allocable portion of the salaries, benefits and overhead of internal audit department personnel providing services to the Company. These amounts totaled \$8,000 and \$76,000 for the three months ended June 30, 2022 and 2021, respectively, and \$24,000 and \$163,000 for the six months ended June 30, 2022 and 2021, respectively, and were the only type of employee costs reimbursed under the Advisory Agreement for the six months ended June 30, 2022 and 2021. The Company will not reimburse for employee costs in connection with services for which the Advisor earns acquisition, origination or disposition fees (other than reimbursement of travel and communication expenses) or for the salaries or benefits the Advisor or its affiliates may pay to the Company's executive officers. In addition to the amounts above, the Company reimburses the Advisor for certain of the Company's direct costs incurred from third parties that were initially paid by the Advisor on behalf of the Company. The receivable as of December 31, 2021 includes \$0.7 million of estimated amounts charged to the Company by certain vendors for services for which the Company believes it was either overcharged or which were never performed. During the six months ended June 30, 2022, the Company incurred \$0.2 million of legal and accounting costs related to the investigation of this matter. As of June 30, 2022, the Advisor had reimbursed the Company \$0.9 million for amounts inappropriately charged to the Company and for legal and accounting costs incurred related to the investigation of this matter.

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 1. Financial Statements (continued)

KBS REAL ESTATE INVESTMENT TRUST II, INC.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

(unaudited)

8. COMMITMENTS AND CONTINGENCIES

Economic Dependency

The Company is dependent on the Advisor for certain services that are essential to the Company, including the execution of the Plan of Liquidation; the disposition of the Company's remaining real estate investment; management of the Company's remaining real estate investment; and other general and administrative responsibilities. In the event the Advisor is unable to provide any of these services, the Company will be required to obtain such services from other sources.

Environmental

As an owner of real estate, the Company is subject to various environmental laws of federal, state and local governments. Compliance with existing environmental laws is not expected to have a material adverse effect on the Company's financial condition and results of operations as of June 30, 2022.

Legal Matters

From time to time, the Company is party to legal proceedings that arise in the ordinary course of its business. Management is not aware of any legal proceedings of which the outcome is probable or reasonably possible to have a material adverse effect on the Company's results of operations or financial condition, which would require accrual or disclosure of the contingency and possible range of loss. Additionally, the Company has not recorded any loss contingencies related to legal proceedings in which the potential loss is deemed to be remote.

9. SUBSEQUENT EVENTS

Purchase and Sale Agreement for Sale of Union Bank Plaza

On September 15, 2010, the Company, through an indirect wholly owned subsidiary, purchased Union Bank Plaza, a 40-story office building located in Los Angeles, California containing 701,888 rentable square feet on approximately 3.7 acres of land.

On July 20, 2022, the Company, through an indirect wholly owned subsidiary, entered into a purchase and sale agreement and escrow instructions (the "Agreement") for the sale of Union Bank to WB Union Plaza Holdings LLC (the "Purchaser"), an affiliate of Waterbridge Capital. The Purchaser is unaffiliated with the Company or the Advisor. Pursuant to the Agreement, the sale price for Union Bank Plaza is \$155.0 million, subject to prorations and adjustments as provided in the Agreement.

The closing date is expected to be October 19, 2022. There can be no assurance that the Company will complete the sale of Union Bank Plaza. The Purchaser would be obligated to purchase Union Bank Plaza only after satisfaction of agreed upon closing conditions. In certain circumstances, if the Purchaser fails to complete the acquisition, it may forfeit up to \$7.5 million of earnest money.

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the accompanying financial statements of KBS Real Estate Investment Trust II, Inc. and the notes thereto. As used herein, the terms “we,” “our” and “us” refer to KBS Real Estate Investment Trust II, Inc., a Maryland corporation, and, as required by context, KBS Limited Partnership II, a Delaware limited partnership, which we refer to as the “Operating Partnership,” and to their subsidiaries.

Forward-Looking Statements

Certain statements included in this Quarterly Report on Form 10-Q are forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of KBS Real Estate Investment Trust II, Inc. and members of our management team, as well as the assumptions on which such statements are based, and generally are identified by the use of words such as “may,” “will,” “seeks,” “anticipates,” “believes,” “estimates,” “expects,” “plans,” “intends,” “should” or similar expressions. These include statements about our plans, strategies and prospects and Plan of Liquidation (defined herein) and these statements are subject to known and unknown risks and uncertainties. Readers are cautioned not to place undue reliance on these forward-looking statements. Actual results may differ materially from those contemplated by such forward-looking statements. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law. Moreover, you should interpret many of the risks identified in this report, as well as the risks set forth below, as being heightened as a result of the ongoing and numerous adverse impacts of the COVID-19 pandemic.

The following are some of the risks and uncertainties, although not all of the risks and uncertainties, that could cause our actual results to differ materially from those presented in our forward-looking statements:

- The COVID-19 pandemic, together with the resulting measures imposed to help control the spread of the virus, has had a negative impact on the economy and business activity globally. The extent to which the COVID-19 pandemic further impacts our completion of the Plan of Liquidation depends on future developments, which remain uncertain and cannot be predicted with confidence, including the demand for office space in downtown Los Angeles, where our remaining property is located, which demand has significantly declined as a result of the COVID-19 pandemic, with employees continuing to work from home.
- Although our board of directors and our stockholders have approved the sale of all of our assets and our dissolution pursuant to the Plan of Liquidation, we can give no assurance that we will be able to successfully implement the Plan of Liquidation and sell our assets, pay our debts and distribute the net proceeds from liquidation to our stockholders as we expect. If we underestimated our existing obligations and liabilities or if unanticipated or contingent liabilities arise, the amount of liquidating distributions ultimately paid to our stockholders could be less than estimated. Given the uncertainty and current business disruptions as a result of the outbreak of COVID-19 as well as the current economic slowdown, the rising interest rate environment and inflation (or the public perception that any of these events may continue), our completion of the Plan of Liquidation may be materially and adversely impacted and this may have a material effect on the ultimate amount and timing of liquidating distributions received by stockholders.
- We may face unanticipated difficulties, delays or expenditures relating to our implementation of the Plan of Liquidation, which may reduce or delay our payment of liquidating distributions.
- We can give no assurance regarding the timing of the disposition of our remaining real estate property, the sale price we will receive for this property and the amount and timing of liquidating distributions to be received by our stockholders.
- We may face risks associated with legal proceedings, including stockholder litigation, that may be instituted against us related to the Plan of Liquidation.

- All of our executive officers, one of our directors and other key professionals are also officers, directors, managers, key professionals and/or holders of a direct or indirect controlling interest in our advisor, the entity that acted as our dealer manager and/or other KBS-affiliated entities. As a result, they face conflicts of interest, including significant conflicts created by our advisor's compensation arrangements with us and other KBS-sponsored programs and KBS-advised investors and conflicts in allocating time among us and these other programs and investors. These conflicts could result in unanticipated actions.
- We pay substantial fees to and expenses of our advisor and its affiliates. These payments reduce the amount of liquidating distributions our stockholders will receive.

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

- The resale value of a property depends principally upon the value of the cash flow generated by the leases associated with that property. Non-renewals, terminations or lease defaults could reduce our net sales proceeds and the amount of liquidating distributions our stockholders receive. Accordingly, our ability to successfully implement the Plan of Liquidation is partially dependent upon the success and economic viability of our tenants and our ability to retain and attract tenants.
- Our remaining real estate property has been and may continue to be affected by unfavorable real estate market conditions, the rising interest rate environment and general economic conditions, which could further decrease the value of this property. Revenues from this property could decrease. Such events would make it more difficult for us to successfully complete the Plan of Liquidation, which could reduce our stockholders’ returns and the amount of liquidating distributions they receive.
- On November 1, 2021, in connection with our liquidation pursuant to the Plan of Liquidation, our board of directors approved the termination of our share redemption program effective as of November 22, 2021. As such, our stockholders’ primary source of liquidity is the completion of our Plan of Liquidation.
- As a result of our disposition activity in connection with our liquidation, our general and administrative expenses, which are not directly related to the size of the assets we own, have increased as a percentage of our cash flow from operations, and we will continue to incur general and administrative expenses until we have liquidated and dissolved.

All forward-looking statements should be read in light of the risks identified in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission (the “SEC”).

Overview

We were formed on July 12, 2007 as a Maryland corporation that elected to be taxed as a real estate investment trust (“REIT”) beginning with the taxable year ended December 31, 2008 and we intend to continue to operate in such a manner. We conduct our business primarily through our Operating Partnership, of which we are the sole general partner. Subject to certain restrictions and limitations, our business is managed by our advisor, KBS Capital Advisors LLC, pursuant to an advisory agreement. KBS Capital Advisors conducts our operations and manages our remaining real estate property. Our advisor owns 20,000 shares of our common stock. We have no paid employees.

As of June 30, 2022, we owned one office property.

As of June 30, 2022, we had 183,346,918 shares of common stock issued and outstanding.

On November 13, 2019, in connection with a review of potential strategic alternatives available to us, a special committee composed of all of our independent directors (the “Special Committee”) and our board of directors unanimously approved the sale of all of our assets and our dissolution pursuant to the terms of the plan of complete liquidation and dissolution (the “Plan of Liquidation”). The principal purpose of the Plan of Liquidation is to provide liquidity to our stockholders by selling our assets, paying our debts and distributing the net proceeds from liquidation to our stockholders. On March 5, 2020, our stockholders approved the Plan of Liquidation. The Plan of Liquidation is included as an exhibit to this Quarterly Report on Form 10-Q.

Plan of Liquidation

In accordance with the Plan of Liquidation, our objectives are to pursue an orderly liquidation of our company by selling all of our assets, paying our debts and our known liabilities, providing for the payment of unknown or contingent liabilities, distributing the net proceeds from liquidation to our stockholders and winding up our operations and dissolving our company.

Pursuant to the Plan of Liquidation, our board of directors has authorized the following liquidating distributions:

Record Date	Payment Date	Liquidating Distribution Per Share	
March 5, 2020	March 10, 2020	\$	0.75
August 3, 2020	August 7, 2020	\$	0.25
December 24, 2020	December 30, 2020	\$	0.40
October 1, 2021	October 5, 2021	\$	0.50
December 9, 2021	December 14, 2021	\$	0.20

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

We expect to distribute substantially all of the remaining proceeds from liquidation after the completion of the sale of our remaining real estate property.

Our expectations about the implementation of the Plan of Liquidation and the amount of any additional liquidating distributions that we will pay to our stockholders and when we will pay them are subject to risks and uncertainties and are based on certain estimates and assumptions, one or more of which may prove to be incorrect. As a result, the actual amount of any additional liquidating distributions we pay to stockholders may be less than we estimate and the liquidating distributions may be paid later than we predict. There are many factors that may affect the amount of liquidating distributions we will ultimately pay to our stockholders. If we underestimate our existing obligations and liabilities or the amount of taxes, transaction fees and expenses relating to the liquidation and dissolution, or if unanticipated or contingent liabilities arise, the amount of liquidating distributions ultimately paid to our stockholders could be less than estimated. Moreover, the liquidation value will fluctuate over time in response to developments related to our remaining real estate property, in response to the real estate and finance markets, based on the actual liquidation timing and the amount of net proceeds received from the disposition of our remaining asset and due to other factors. Given the uncertainty and current business disruptions as a result of the outbreak of COVID-19 as well as the current economic slowdown, the rising interest rate environment and inflation (or the public perception that any of these events may continue), our completion of the Plan of Liquidation may be materially and adversely impacted and this may have a material effect on the ultimate amount and timing of liquidating distributions received by our stockholders. While we have considered the impact from COVID-19 in our net assets in liquidation presented on the Condensed Consolidated Statement of Net Assets as of June 30, 2022, the extent to which our completion of the Plan of Liquidation may be further affected by COVID-19 or the other factors discussed above depends on future developments, which remain uncertain and cannot be predicted with confidence, including the demand for office space in downtown Los Angeles, where our remaining property is located, which demand has significantly declined as a result of the COVID-19 pandemic, with employees continuing to work from home. See “— Market Outlook — Real Estate and Real Estate Finance Markets — COVID-19 Pandemic and Portfolio Outlook” for a discussion of the impact of the outbreak of COVID-19 on our business and our liquidation. We can give no assurance regarding the timing of the disposition of our remaining asset, the sale price we will receive for this asset, and the amount or timing of liquidating distributions to be received by our stockholders.

Market Outlook – Real Estate and Real Estate Finance Markets

Volatility in global financial markets and changing political environments can cause fluctuations in the performance of the U.S. commercial real estate markets. Possible future declines in rental rates, slower or potentially negative net absorption of leased space and expectations of future rental concessions, including free rent to renew tenants early, to retain tenants who are up for renewal or to attract new tenants, may result in decreases in cash flows from our remaining property. Further, revenues from our remaining property could decrease due to a reduction in occupancy (caused by factors including, but not limited to, tenant defaults, tenant insolvency, early termination of tenant leases and non-renewal of existing tenant leases), rent deferrals or abatements, tenants being unable to pay their rent and/or lower rental rates. Reductions in revenues from our remaining property would adversely impact the timing of the asset sale and/or the sale price we will receive for our property. Market conditions can change quickly, potentially negatively impacting the value of real estate investments. Most recently, the outbreak of COVID-19 as well as the current economic slowdown, the rising interest rate environment and inflation (or the public perception that any of these events may continue) have had a negative impact on the office real estate market as discussed below.

COVID-19 Pandemic and Portfolio Outlook

One of the most significant risks and uncertainties facing us and the real estate industry generally, and in particular office REITs like our company, continues to be the effect of the public health crisis of the COVID-19 pandemic. To date, we have not experienced significant disruptions in our operations from the COVID-19 pandemic, although our completion of the Plan of Liquidation has been delayed. During the six months ended June 30, 2022, we reduced the estimated liquidation value of our remaining real estate property

by \$34.2 million (after estimated closing costs and disposition fees) partly due to changes in leasing projections resulting in lower projected cash flow and a lower projected sale price caused by the impact of the COVID-19 pandemic. During the years ended December 31, 2021 and 2020, we reduced the estimated liquidation value of our real estate portfolio by \$78.1 million (or \$54.6 million after accounting for the decrease in estimated capital expenditures of \$23.5 million that was previously projected to be spent) and \$90.2 million, respectively, due to changes in leasing projections across our portfolio resulting in lower projected cash flow and projected sales prices caused by the impact of the COVID-19 pandemic. In future periods, we may need to recognize additional decreases in the value of our remaining real estate property to the extent leasing projections and the projected sale price declines.

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

We cannot predict to what extent economic activity, including the use of and demand for office space, will return to pre-pandemic levels. During 2021 and the first and second quarters of 2022, the usage of our assets remained lower than pre-pandemic levels. In addition, we experienced a significant reduction in leasing interest and activity when compared to pre-pandemic levels. See “— Overview – Plan of Liquidation” above.

Liquidity and Capital Resources

As described above under “— Overview — Plan of Liquidation,” on March 5, 2020, our stockholders approved the sale of all of our assets and our dissolution pursuant to the terms of the Plan of Liquidation. We expect to sell all of our assets, pay all of our known liabilities, provide for unknown liabilities and distribute the net proceeds from liquidation to our stockholders. Our principal demands for funds through the completion of our liquidation will be for: the payment of operating expenses, capital expenditures and general and administrative expenses, including expenses in connection with the Plan of Liquidation; and payments of distributions to stockholders pursuant to the Plan of Liquidation. During our liquidation, we intend to use our cash on hand and proceeds from the sale of real estate properties as our primary sources of liquidity. To the extent available, we also intend to use cash flow generated by our remaining real estate property.

Our investment in real estate generates cash flow in the form of rental revenues and tenant reimbursements, which are reduced by operating expenditures, the payment of asset management fees and corporate general and administrative expenses. Cash flow from operations from our real estate investment is primarily dependent upon the occupancy level of the property, the net effective rental rates on our leases, the collectibility of rent and operating recoveries from our tenants and how well we manage our expenditures. As of June 30, 2022, our remaining real estate property was 59% occupied.

For the six months ended June 30, 2022, our cash needs for capital expenditures were met with cash on hand. Operating cash needs during the same period were met with cash flow generated by our real estate investment. We believe that our cash on hand, our cash flow from operations to the extent available and proceeds from the sale of our remaining real estate property will be sufficient to meet our liquidity needs during our liquidation.

During the liquidating process, we intend to maintain adequate cash reserves for liquidity, capital expenditures and other future capital needs. As of June 30, 2022, the estimated capital expenditures through the anticipated disposition date for our remaining real estate property were \$12.1 million.

We expect to continue to pay liquidating distribution payments to our stockholders through the completion of our liquidation process and to pay the final liquidating distribution after we sell all of our assets, pay all of our known liabilities and provide for unknown liabilities. At the time of adopting the Plan of Liquidation, we had anticipated completing the orderly liquidation of our company and paying substantially all of our liquidating distributions from the net proceeds from liquidation within 24 months after stockholder approval of the Plan of Liquidation, which occurred on March 5, 2020. Given the uncertainty and business disruptions as a result of the outbreak of COVID-19 and more recently the rising interest rate environment, our completion of the Plan of Liquidation has been delayed. We currently anticipate that we will complete our liquidation by the fourth quarter of 2022. Although we were not able to complete our liquidation within the 24-month period described above, we do not anticipate any material unfavorable tax consequences to our stockholders or to our status as a REIT. For U.S. federal income tax purposes, (i) we did not have any current and accumulated earnings and profits (including any gain) or taxable income or gain for the taxable years ended December 31, 2020 and December 31, 2021 and (ii) we do not anticipate any current and accumulated earnings and profits (including any gain) or taxable income or gain for the taxable year ended December 31, 2022 or in future periods. Our expectations about the amount of future liquidating distributions that we will pay and when we will pay them are based on certain estimates and assumptions, one or more of which may prove to be incorrect. As a result, the actual amount of liquidating distributions we pay to our stockholders may be less than our estimate and the liquidating distributions may be paid later than we predict. See “— Overview — Plan of Liquidation” and “—Market Outlook — Real Estate and Real Estate Finance Markets — COVID-19 Pandemic and Portfolio Outlook” for a discussion of

the impact of the outbreak of COVID-19 on our business and our liquidation. We do not expect to pay regular monthly distributions during the liquidating process.

In addition to using our capital resources for capital expenditures and for operating costs, we use our capital resources to make certain payments to our advisor. We paid our advisor fees in connection with the acquisition and origination of our assets and pay our advisor fees in connection with the management and disposition of our assets and for certain costs incurred by our advisor in providing services to us. Among the fees payable to our advisor is an asset management fee. With respect to investments in real estate, we pay our advisor a monthly asset management fee equal to one-twelfth of 0.75% of the amount paid or allocated to acquire the investment, plus the cost of any subsequent development, construction or improvements to the property. This amount includes any portion of the investment that was debt financed and is inclusive of acquisition fees and expenses related thereto. We also continue to reimburse our advisor and our dealer manager for certain stockholder services.

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

During the six months ended June 30, 2022, cash and cash equivalents decreased by \$6.9 million primarily as a result of \$7.4 million of capital expenditure payments and \$3.0 million of corporate expenditures, offset by the net inflows from investment in our remaining real estate property of \$3.8 million.

Pursuant to our stockholders’ approval of the Plan of Liquidation, we adopted the liquidation basis of accounting as of February 1, 2020 (as the approval of the Plan of Liquidation by our stockholders became imminent within the first week of February 2020 based on the results of our solicitation of proxies from our stockholders for their approval of the Plan of Liquidation) and for the periods subsequent to February 1, 2020 in accordance with GAAP. Accordingly, on February 1, 2020, assets were adjusted to their estimated net realizable value, or liquidation value, which represents the estimated amount of cash that we will collect through the disposal of our assets as we carry out our Plan of Liquidation. The liquidation value of our operating property is presented on an undiscounted basis. Estimated costs to dispose of assets and estimated capital expenditures through the anticipated disposition date of the property have been presented separately from the related assets. Liabilities are carried at their contractual amounts due or estimated settlement amounts.

Changes in Net Assets in Liquidation

For the Six Months June 30, 2022

Net assets in liquidation decreased by approximately \$34.7 million from \$205.5 million on December 31, 2021 to \$170.8 million on June 30, 2022. The primary reason for the decrease in net assets in liquidation was due to a decrease in the liquidation value our remaining real estate property located in Los Angeles, California (“Union Bank Plaza”). The estimated net proceeds from the sale of Union Bank Plaza decreased by approximately \$34.2 million (after estimated closing costs and disposition fees) as the liquidation value was adjusted based on the contractual sales price less estimated closing credits as the property is currently under contract to sell. See “— Subsequent Events – Purchase and Sale Agreement for Sale of Union Bank Plaza.” As of June 30, 2022, Union Bank Plaza was 59% occupied. Demand for office space in downtown Los Angeles significantly declined as a result of the COVID-19 pandemic, with employees continuing to work from home. In addition, with rising interest rates, prospective buyers are challenged to obtain favorable financing, which along with the lower demand for office space, is impacting the projected cash flows of the property and the purchase price prospective buyers are willing to pay for the property.

There is inherent uncertainty with these estimates and projections, and they could change materially based on the timing of the sale of Union Bank Plaza, the performance of Union Bank Plaza and any changes in the underlying assumptions of the projected cash flows from this property.

Results of Operations

In light of the adoption of liquidation basis accounting as of February 1, 2020 and our liquidation pursuant to the Plan of Liquidation, the results of operations for the current year period are not comparable to the prior year period. The sale of assets under the Plan of Liquidation has had a significant impact on our operations. Changes in liquidation values of our assets are discussed above under “— Changes in Net Assets in Liquidation.” See “— Overview — Plan of Liquidation” and “— Market Outlook — Real Estate and Real Estate Finance Markets — COVID-19 Pandemic and Portfolio Outlook” for a discussion of the impact of the outbreak of COVID-19 on our business and our liquidation.

Due to the adoption of the Plan of Liquidation, we are no longer reporting funds from operations and modified funds from operations as we no longer consider these to be key performance measures.

Critical Accounting Policies and Estimates

Our consolidated interim financial statements and condensed notes thereto have been prepared in accordance with GAAP and in conjunction with the rules and regulations of the SEC. The preparation of our financial statements requires significant management judgements, assumptions and estimates about matters that are inherently uncertain. These judgments affect the reported amounts of assets and liabilities and our disclosure of contingent assets and liabilities as of the dates of the financial statements. With different estimates or assumptions, materially different amounts could be reported in our financial statements. A discussion of the accounting policies that management considers critical in that they involve significant management judgements, assumptions and estimates is included in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the SEC. There have been no significant changes to our policies during 2022.

PART I. FINANCIAL INFORMATION (CONTINUED)

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (continued)

Subsequent Events

Purchase and Sale Agreement for Sale of Union Bank Plaza

On September 15, 2010, we, through an indirect wholly owned subsidiary, purchased Union Bank Plaza, a 40-story office building located in Los Angeles, California containing 701,888 rentable square feet on approximately 3.7 acres of land.

On July 20, 2022, we, through an indirect wholly owned subsidiary, entered into a purchase and sale agreement and escrow instructions (the “Agreement”) for the sale of Union Bank to WB Union Plaza Holdings LLC (the “Purchaser”), an affiliate of Waterbridge Capital. The Purchaser is unaffiliated with us or our advisor. Pursuant to the Agreement, the sale price for Union Bank Plaza is \$155.0 million, subject to prorations and adjustments as provided in the Agreement.

The closing date is expected to be October 19, 2022. There can be no assurance that we will complete the sale of Union Bank Plaza. The Purchaser would be obligated to purchase Union Bank Plaza only after satisfaction of agreed upon closing conditions. In certain circumstances, if the Purchaser fails to complete the acquisition, it may forfeit up to \$7.5 million of earnest money.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

None.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this report, management, including our principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based upon, and as of the date of, the evaluation, our principal executive officer and principal financial officer concluded that the disclosure controls and procedures were effective as of the end of the period covered by this report to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is recorded, processed, summarized and reported as and when required. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file and submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

Please see the risks discussed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

- a) During the period covered by this Form 10-Q, we did not sell any equity securities that were not registered under the Securities Act of 1933.
- b) Not applicable.
- c) On November 1, 2021, in connection with our liquidation pursuant to the Plan of Liquidation, our board of directors approved the termination of our share redemption program effective as of November 22, 2021. We did not redeem or repurchase any shares of our common stock during the six months ended June 30, 2022.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

August 2022 Estimated Liquidation Value Per Share

On August 11, 2022, our board of directors approved an updated estimated liquidation value per share of our common stock of \$0.93, which is equal to our net assets in liquidation, divided by the number of shares outstanding, all as of June 30, 2022, and as disclosed in this Quarterly Report on Form 10-Q (the “August 2022 Estimated Liquidation Value Per Share”). We adopted the liquidation basis of accounting as of and for the periods subsequent to February 1, 2020. Net assets in liquidation represents the remaining estimated liquidation value available to stockholders upon liquidation. For a description of our accounting policies and the methodologies, limitations and assumptions used in the determination of the August 2022 Estimated Liquidation Value Per Share, see the notes to our consolidated financial statements in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2021, as filed with the SEC.

We are providing the August 2022 Estimated Liquidation Value Per Share to assist broker-dealers that participated in our now-terminated initial public offering in meeting their customer account statement reporting obligations under the Financial Industry Regulatory Authority Rule 2231.

The August 2022 Estimated Liquidation Value Per Share will first appear on the September 2022 stockholder account statements.

Limitations of the August 2022 Estimated Liquidation Value Per Share

As with any valuation methodology, the methodologies used are based upon a number of estimates and assumptions that may not be accurate or complete. Different parties with different assumptions and estimates could derive a different estimated liquidation value per share, and this difference could be significant. The August 2022 Estimated Liquidation Value Per Share does not represent the fair value of our assets less the fair value of our liabilities according to GAAP. Moreover, we did not obtain updated appraisals in connection with the determination of the August 2022 Estimated Liquidation Value Per Share, and the determination was based solely on the factors discussed above.

PART II. OTHER INFORMATION (CONTINUED)

Item 5. Other Information (continued)

Our expectations about the implementation of the Plan of Liquidation and the amount of any additional liquidating distributions that we pay to our stockholders and when we will pay them are subject to risks and uncertainties and are based on certain estimates and assumptions, one or more of which may prove to be incorrect. There are many factors that may affect the amount of liquidating distributions we will ultimately pay to our stockholders. If we underestimated our existing obligations and liabilities or the amount of taxes, transaction fees and expenses relating to the liquidation and dissolution, or if unanticipated or contingent liabilities arise, the amount of liquidating distributions ultimately paid to our stockholders could be less than estimated. Moreover, the liquidation value will fluctuate over time in response to developments related to our remaining real estate property, in response to the real estate and finance markets, based on the actual liquidation timing and the amount of net proceeds received from the disposition of our remaining real estate property and due to other factors.

In particular, the COVID-19 pandemic, together with the resulting measures imposed to help control the spread of the virus, has had a negative impact on the economy and business activity globally. The COVID-19 pandemic is negatively impacting many industries, including the U.S. office real estate industry. While we considered the impact from COVID-19 on the August 2022 Estimated Liquidation Value Per Share, the extent to which the COVID-19 pandemic further impacts our implementation of the Plan of Liquidation, depends on future developments, which remain uncertain and cannot be predicted with confidence, including the demand for office space in downtown Los Angeles, where our remaining property is located, which demand has significantly declined as a result of the COVID-19 pandemic, with employees continuing to work from home. Given the uncertainty and current business disruptions as a result of the outbreak of COVID-19 as well as the current economic slowdown, the rising interest rate environment and inflation (or the public perception that any of these events may continue), our completion of the Plan of Liquidation may be materially and adversely impacted and this may have a material effect on the ultimate amount and timing of liquidating distributions received by stockholders.

No assurance can be given that any additional liquidating distributions we pay to our stockholders will equal or exceed the August 2022 Estimated Liquidation Value Per Share. Accordingly, with respect to the August 2022 Estimated Liquidation Value Per Share, we can give no assurance:

- of the amount or timing of liquidating distributions we will ultimately be able to pay our stockholders;
- that a stockholder would be able to resell his or her shares at the August 2022 Estimated Liquidation Value Per Share;
- that an independent third-party appraiser or third-party valuation firm would agree with the August 2022 Estimated Liquidation Value Per Share; or
- that the methodology used to determine the August 2022 Estimated Liquidation Value Per Share would be acceptable to FINRA or for compliance with ERISA reporting requirements.

[Table of Contents](#)

PART II. OTHER INFORMATION (CONTINUED)

Item 6. Exhibits

Ex.	Description
2.1	Plan of Complete Liquidation and Dissolution of the Company dated as of March 5, 2020, incorporated by reference to Exhibit 2.1 to the Company's Annual Report of Form 10-K, filed March 6, 2020
3.1	Second Articles of Amendment and Restatement of the Company, incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2008, filed May 28, 2008
3.2	Articles of Amendment of the Company, incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2020, filed May 15, 2020
3.3	Fourth Amended and Restated Bylaws of the Company, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed September 22, 2016
4.1	Statement regarding restrictions on transferability of shares of common stock (to appear on stock certificate or to be sent upon request and without charge to stockholders issued shares without certificates), incorporated by reference to Exhibit 4.2 to Pre-Effective Amendment No. 1 to the Company's Registration Statement on Form S-11, Commission File No. 333-146341, filed February 19, 2008
10.1	Advisory Agreement dated May 21, 2022, incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K, filed May 24, 2022
10.2	Purchase and Sale Agreement and Escrow Instructions by and between KBSII 445 South Figueroa, LLC and Harbor Associates, LLC dated May 18, 2022
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

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

KBS REAL ESTATE INVESTMENT TRUST II, INC.

Date: August 12, 2022

By: /s/ CHARLES J. SCHREIBER, JR.

Charles J. Schreiber, Jr.

Chairman of the Board,

Chief Executive Officer, President and Director

(principal executive officer)

Date: August 12, 2022

By: /s/ JEFFREY K. WALDVOGEL

Jeffrey K. Waldvogel

Chief Financial Officer, Treasurer and Secretary

(principal financial officer)

**PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS**

BY AND BETWEEN

KBSII 445 SOUTH FIGUEROA, LLC,
a Delaware limited liability company

(“Seller”)

AND

HARBOR ASSOCIATES, LLC,
a Delaware limited liability company

(“Buyer”)

[Union Bank, 445 South Figueroa Street, Los Angeles, CA]

TABLE OF CONTENTS

	<u>Page</u>
1. BASIC TERMS AND DEFINITIONS; REFERENCES	1
1.1 Basic Terms and Definitions	1
1.2 References	2
2. PURCHASE AND SALE	2
3. PURCHASE PRICE AND DEPOSIT	3
3.1 Purchase Price	3
3.2 Payment of Purchase Price	3
3.3 Disposition of Deposit Upon Failure to Close	3
3.4 Independent Contract Consideration	3
4. PROPERTY INFORMATION; TITLE REVIEW; INSPECTIONS AND DUE DILIGENCE; TENANT ESTOPPEL CERTIFICATES; CONFIDENTIALITY	4
4.1 Property Information	4
4.2 Title and Survey Review; Title Policy	5
4.3 Inspections; Due Diligence Period	6
4.4 Tenant Estoppel Certificates	9
4.5 Contracts	9
4.6 Confidentiality	10
5. OPERATIONS AND RISK OF LOSS	11
5.1 Ongoing Operations	11
5.2 New Contracts	11
5.3 Leasing Arrangements	11
5.4 Damage or Condemnation	12
6. SELLER'S AND BUYER'S DELIVERIES	12
6.1 Seller's Deliveries into Escrow	12

6.2	Buyer's Deliveries into Escrow	13
6.3	Closing Statements/Escrow Fees; Tenant Notices	13
6.4	Post-Closing Deliveries	14
7.	CONDITIONS TO BUYER'S AND SELLER'S OBLIGATIONS	14
7.1	Conditions to Buyer's Obligations	14
7.2	Conditions to Seller's Obligations	14
8.	CLOSE OF ESCROW; POSSESSION	15
9.	ESCROW	15
9.1	Closing	16
9.2	Escrow and Title Charges	17
9.3	Procedures Upon Failure of Condition	17
10.	PRORATIONS	18
10.1	Collect Rent	18
10.2	Operating Costs and Additional Rent Reconciliation	18
10.3	Taxes and Assessments	19
10.4	Leasing Commissions, Tenant Improvements and Contracts	20
10.5	Tenant Deposits	20
10.6	Utilities and Utility Deposits	20
10.7	Owner Deposits	21
10.8	Percentage Rents	21
10.9	Final Adjustment After Closing	21
11.	SELLER'S REPRESENTATIONS AND WARRANTIES; AS-IS	22
11.1	Seller's Representations and Warranties	22
11.2	As-Is. As of the expiration of the Due Diligence Period, Buyer will have:	23
	BUYER'S COVENANTS, REPRESENTATIONS AND WARRANTIES; RELEASE; ERISA;	
12.	INDEMNIFICATION	25

12.1	Buyer’s Representations and Warranties	26
12.2	Release	26
12.3	ERISA	28
12.4	Intentionally Omitted	28
12.5	Natural Hazard Disclosure	28
12.6	Environmental Disclosure	28
	Disclosure of California Civil Code Section 1101.5; Los Angeles Municipal Code	
12.7	Chapter XII, Section 122.03	29
13.	DEFAULT AND DAMAGES	29
13.1	DEFAULT BY BUYER	29
13.2	Default by Seller	32
14.	BROKER’S COMMISSIONS	32
15.	MISCELLANEOUS PROVISIONS	33
15.1	Notices	33
15.2	Assignment; Binding on Successors and Assigns	34
15.3	Work Product	358
15.4	Further Assurances	35
15.5	Attorney’s Fees	35
15.6	Survival of Representations, Warranties, Covenants, Obligations and Agreements.	35
15.7	Entire Agreement	36
15.8	Governing Law	37
15.9	Counterparts	37
15.10	Headings; Construction	37
15.11	Time of Essence	37
15.12	Partial Validity; Severability	37

PURCHASE AND SALE AGREEMENT
AND ESCROW INSTRUCTIONS

THIS PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS (this “**Agreement**”) is made and entered into as of May 18, 2022, between KBSII 445 SOUTH FIGUEROA, LLC, a Delaware limited liability company (“**Seller**”), and HARBOR ASSOCIATES, LLC, a Delaware limited liability company (“**Buyer**”), with reference to the following:

A. Seller is the owner of the improved real property (the “**Real Property**”) described on Exhibit A attached hereto together with certain personal property located upon or used in connection with such improved real property and certain other assets relating thereto, all as more particularly described in Section 2 hereof.

B. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Real Property, together with certain personal property and related assets on the terms and subject to the conditions contained in this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. BASIC TERMS AND DEFINITIONS; REFERENCES

7.1 Basic Terms and Definitions.

(a) **Effective Date.** The effective date of this Agreement shall be the date set forth above (“**Effective Date**”).

(b) **Closing Date.** The last day that Close of Escrow (as defined in Section 8.1 hereof) may occur shall be July 11, 2022, at 1:00 p.m. (California time) (the “**Closing Date**”); provided, however, Buyer may extend the Closing Date to August 10, 2022, provided that by June 27, 2022, Buyer delivers to Seller written notice of Buyer’s intention to extend the Closing Date and Buyer deposits with Escrow Holder an additional deposit, in cash or current funds, in the amount of One Million and No/100 Dollars (\$1,000,000.00) (the “**Extension Deposit**”), which shall be credited at the Close of Escrow towards the Purchase Price. The Extension Deposit, once made, will be treated as part of the Deposit (as such term is defined below).

(c) **Title Review Period.** The “Title Review Period” shall end on June 2, 2022, at 5:00 p.m. (California time).

(d) **Due Diligence Period.** The “Due Diligence Period” shall end on June 9, 2022, at 5:00 p.m. (California time).

(e) **Escrow Holder.** The escrow holder shall be Commonwealth Land Title Insurance Company (“**Escrow Holder**”), whose address is 4100 Newport Place Drive, Suite 120, Newport Beach, California 92660, Escrow Officer: Karen Price; Telephone: (949) 724-3144; Telecopier: (949) 271-5762.

(f) **Title Company.** The title company shall be Commonwealth Land Title Insurance Company (“**Title Company**”), whose address is 888 S. Figueroa Street, Suite 2100, Los Angeles, California 90017, Title Coordinator: Amy Musselman; Telephone: (213) 330-3041; Telecopier (213) 330-3085, with a copy to Anthony A. Behrstock; Telephone: (213) 330-2333; Telecopier: (213) 330-3113.

7.2 References. All references to Exhibits refer to Exhibits attached to this Agreement and all such Exhibits are incorporated herein by reference. The words “herein,” “hereof,” “hereinafter” and words of similar import refer to this Agreement as a whole and not to any particular Section hereof.

2. PURCHASE AND SALE

Subject to the terms and conditions of this Agreement, Seller agrees to sell, assign and transfer to Buyer and Buyer agrees to purchase from Seller, for the purchase price set forth in Section 3 hereof, all of Seller’s right, title and interest in and to the following (collectively, the “**Property**”):

2.1 The Real Property, together with the buildings located thereon, and all associated parking areas, and all other improvements located thereon (the buildings and such other improvements are referred to herein collectively as the (“**Improvements**”)); all references hereinafter made to the Real Property shall be deemed to include all rights, privileges, easements and appurtenances benefiting the Real Property and/or the Improvements situated thereon, including, without limitation, all mineral and water rights and all easements, rights-of-way and other appurtenances used or connected with the beneficial use or enjoyment of the Real Property;

2.2 All personal property, equipment, supplies and fixtures (collectively, the “**Personal Property**”) listed on Exhibit B attached hereto or otherwise left on the Real Property at the Close of Escrow to the extent owned by Seller;

2.3 All of Seller’s interest in any intangible property (expressly excluding the name “KBS” or any derivative thereof, or any name that includes the word “KBS” or any derivative thereof) used or useful in connection with the foregoing, including, without limitation, all contract rights, warranties, guaranties, licenses, permits, entitlements, governmental approvals and certificates of occupancy which benefit the Real Property and/or the Personal Property;

2.5 All of Seller’s interest in all leases affecting the Real Property as of the Close of Escrow (the “**Leases**”); and

2.6 All of Seller’s interest in the contracts listed on Exhibit C attached hereto and all contracts hereafter entered into by Seller to the extent permitted by the provisions of this Agreement (the “**Contracts**”).

Notwithstanding anything to the contrary contained herein, the term “Property” shall expressly exclude any Rents (as such term is defined in Section 10.1 hereof) or any other amounts payable by tenants under the Leases for periods prior to the Close of Escrow, any Rent or other amounts payable by any former tenants of the Property, and any judgments, stipulations, orders, or

settlements with any tenants under the Leases or former tenants of the Property (hereinafter collectively referred to as the “**Excluded Property**”).

3. PURCHASE PRICE AND DEPOSIT

7.1 Purchase Price. The purchase price for the Property shall be One Hundred Sixty-Five Million and No/100 Dollars (\$165,000,000.00) (the “**Purchase Price**”).

7.2 Payment of Purchase Price. The Purchase Price shall be payable as follows:

3.2.1 Within two (2) business days after execution of this Agreement by Buyer and Seller, Buyer shall deposit in escrow with Escrow Holder, in cash or current funds, the sum of One Million and No/100 Dollars (\$1,000,000.00) (the “**Initial Deposit**”). Immediately upon Escrow Holder’s receipt of the Initial Deposit (the “**Opening of Escrow**”), Escrow Holder shall invest the same in a federally insured interest-bearing account acceptable to Seller and Buyer, with all interest accruing thereon credited to the Purchase Price. For purposes of this Agreement, any interest accruing on the Initial Deposit from time to time shall be deemed part of the Initial Deposit. Upon expiration of the Due Diligence Period, if Buyer has not previously terminated this Agreement by its terms, then: (i) Buyer shall deposit in escrow with Escrow Holder, in cash or current funds, the additional sum of Two Million and No/100 Dollars (\$2,000,000.00) (the “**Additional Deposit**”), and (ii) the Initial Deposit and Additional Deposit (hereinafter referred to as the “**Deposit**”) shall become nonrefundable subject to the terms and conditions of this Agreement.

3.2.2 Provided all the conditions in Section 7.1 hereof have been satisfied or waived by Buyer, Buyer shall deposit in cash or current funds with Escrow Holder no later than 1:00 p.m. (California time) on the Closing Date (as defined in Section 1.1(b) hereof) an amount equal to the Purchase Price less the Deposit and all interest accrued thereon plus or minus applicable prorations pursuant to Section 10 hereof.

7.3 Disposition of Deposit Upon Failure to Close. If the Close of Escrow fails to occur due to Buyer’s default under this Agreement (all of the conditions to Buyer’s obligation to close having been satisfied or waived), then the disposition of the Deposit and all interest accrued thereon shall be governed by Section 13.1 hereof; if the Close of Escrow fails to occur due to Seller’s default under this Agreement (all of the conditions to Seller’s obligation to close having been satisfied or waived), then the Deposit and all interest accrued thereon shall promptly be refunded to Buyer; and if the Close of Escrow fails to occur due to the failure of any of the conditions set forth in Sections 7.1 or 7.2 hereof other than as a result of Buyer’s or Seller’s default under this Agreement, then the disposition of the Deposit and all interest accrued thereon shall be governed by Section 9.3 hereof.

7.4 Independent Contract Consideration. The parties acknowledge that a portion of the Deposit with the Escrow Holder, in the amount of One Hundred and No/100 Dollars (\$100.00) (the “**Independent Contract Consideration**”) has been bargained for and agreed to as consideration for Buyer’s exclusive option to purchase the Real Property and the right to inspect the Real Property as provided herein, and for Seller’s execution and delivery of this

Agreement. The Independent Contract Consideration is in addition to and independent of all other consideration provided in this Agreement, and is nonrefundable in all events.

4. PROPERTY INFORMATION; TITLE REVIEW; INSPECTIONS AND DUE DILIGENCE; TENANT ESTOPPEL CERTIFICATES; CONFIDENTIALITY

7.1 Property Information. Seller shall make available to Buyer within two (2) business days after the date of this Agreement, to the extent in Seller's possession or in the possession of Seller's property manager, the following, all of which shall be made available for review and copying (at Buyer's cost and expense) through an electronic data room, at the offices of KBS Capital Advisors LLC (at the address set forth in Section 15.1 hereof) or at the Real Property (collectively, the "**Property Information**"):

- (a) the Leases, including amendments, guaranties, any letter agreements and assignments which are in effect;
 - (b) a current rent roll for the Real Property, indicating rents collected, scheduled rents and concessions, delinquencies, and security deposits held, and historical occupancy dated as of 12/31 of each year for the past three years (collectively, the "**Rent Rolls**");
 - (c) the most current operating statements for the Real Property, including a summary of capital expenditures pertaining to the Real Property for the three years preceding the Effective Date that is provided to Seller from its property manager, and historical utility bills for the past twelve months (collectively, the "**Operating Statements**");
 - (d) copies of the Contracts;
 - (e) building plans and specifications relating to the Real Property, including floorplans, BOMA reports, and CAD files;
 - (f) warranties, if any, on roofs, air conditioning units, fixtures and equipment included as part of the Property;
 - (g) licenses and permits relating to the Property;
 - (h) list of any claims relating to the Property against insurance policies covering the Property over the past three years;
 - (i) copies of recent property tax bills;
 - (j) existing land title surveys, if any, for the Real Property (collectively, the "**Existing Surveys**");
- and
- (k) any environmental, soils and/or engineering reports prepared for Seller or Seller's predecessors.

Under no circumstances shall Buyer be entitled to review any appraisals relating to the Property or any internal financial audits relating to the Property.

7.2 **Title and Survey Review; Title Policy.**

4.2.1 **Delivery of Title Report.** Within two (2) business days after the Effective Date, Seller shall cause the Title Company to deliver to Buyer a preliminary title report or title commitment covering the Real Property (the “**Title Report**”), together with copies of all documents (collectively, the “**Title Documents**”) referenced in the Title Report. Buyer, at its option and expense, may (a) obtain a new survey for the Real Property or (b) cause one or more of the Existing Surveys to be updated or recertified. Buyer understands and acknowledges that if Buyer elects to obtain a new survey or an updated or recertified survey for the Real Property the completion and/or delivery of the surveys or updated or recertified surveys shall not be a condition precedent to the Close of Escrow. Notwithstanding the foregoing, Buyer further acknowledges that Seller makes no representations or warranties, and Seller shall have no responsibility, with respect to the completeness of the Title Documents made available to Buyer by the Title Company.

4.2.2 **Title Review and Cure.** Commencing from the date of this Agreement and continuing through and including the Title Review Period, Buyer shall have the right to approve or disapprove the condition of title to the Real Property. On or before the expiration of the Title Review Period, Buyer shall deliver to Seller and Escrow Holder written notice (“**Buyer’s Title Notice**”) of Buyer’s approval or disapproval of the matters reflected in the Title Report and any new survey or Existing Survey; Buyer’s Title Notice delivered by Buyer to Seller must state that it is a “Buyer’s Title Notice being delivered in accordance with the provisions of Section 4.2.2 of the Purchase Agreement.” The failure of Buyer to deliver to Seller Buyer’s Title Notice on or before the expiration of the Title Review Period shall be deemed to constitute Buyer’s approval of the condition of title to the Real Property. If Buyer disapproves any matter of title shown in the Title Report, any new survey or Existing Survey for the Real Property, then Seller may, but shall have no obligation to, within three (3) business days after its receipt of the Buyer’s Title Notice for the Real Property (“**Seller’s Election Period**”), elect to eliminate or ameliorate to Buyer’s reasonable satisfaction the disapproved title matters by giving Buyer written notice (“**Seller’s Title Notice**”) of those disapproved title matters, if any, which Seller agrees to so eliminate or ameliorate by the Closing Date. Buyer acknowledges and agrees that any title exception disapproved by Buyer shall be deemed ameliorated to Buyer’s reasonable satisfaction to the extent that Seller either causes such exception to be removed from the Title Policy (as such term is defined in Section 4.2.3 hereof) or to be affirmatively insured over. If Seller does not elect to, or is unable to, eliminate or ameliorate any disapproved title matters, Buyer reasonably disapproves Seller’s Title Notice, or Seller fails to timely deliver Seller’s Title Notice, then Buyer shall have the right, upon delivery to Seller and Escrow Holder (on or before the expiration of the Due Diligence Period) of a written notice, to either: (a) waive its prior disapproval, in which event said disapproved matters shall be deemed approved; or (b) terminate this Agreement and the Escrow (as such term is defined in Section 9.1 hereof). Failure to take either one of the actions described in (a) and (b) above shall be deemed to be Buyer’s election to take the action described in clause (a) above. If Buyer elects to terminate this Agreement as provided in clause (b) above, this Agreement shall automatically terminate, the parties shall be released from all further obligations under this Agreement (except pursuant to any provisions which by their terms survive a termination of this Agreement), the Deposit shall be immediately returned to Buyer and Buyer shall immediately return all Property Information to Seller. Buyer shall have been deemed to have approved any title exception that Seller is not obligated to

remove and to which either Buyer did not object as provided above, or to which Buyer did object, but with respect to which Buyer did not terminate this Agreement.

4.2.3 **Delivery of Title Policy at Closing.** As a condition precedent to the Close of Escrow, the Title Company shall have issued and delivered to Buyer, or shall have committed to issue and deliver to Buyer, with respect to the Real Property, a Standard Coverage Owner's Policy of Title Insurance (2006 Form) (the "**Title Policy**") issued by the Title Company as of the date and time of the recording of the Deed (as such term is defined in Section 6.1 hereof) for the Real Property, in the amount of the Purchase Price insuring Buyer as owner of good, marketable and indefeasible fee simple title to the Real Property, subject only to the Permitted Exceptions (as hereinafter defined). For purposes of this Agreement, "**Permitted Exceptions**" shall mean and include (a) any lien to secure payment of real estate taxes, including special assessments, not delinquent, (b) the lien of supplemental taxes assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code, (c) all matters which could be revealed or disclosed by a physical inspection or a survey of the Real Property and matters affecting the Real Property which are created by or with the written consent of Buyer or which do not materially and deleteriously affect Buyer's contemplated use of the Real Property, (d) the rights of the tenants under the Leases affecting the Real Property, (e) all exceptions disclosed by the Title Report relating to the Real Property and which are approved or deemed approved by Buyer in accordance with Section 4.2.2 hereof, (f) any exception for liens (and/or potential liens) for services, labor or materials heretofore or hereafter furnished to the Property for which Buyer is entitled to a credit at Closing pursuant to this Agreement, for which Buyer is expressly responsible for payment under the terms of this Agreement, and/or which arises from any services, labor or materials contracted for by any tenant at the Property and with respect to which any such tenant is responsible for payment under the terms of its Lease, and (g) the terms and provisions of that certain easement agreement for chilled water services, a copy of which has been provided to Buyer. Notwithstanding anything stated to the contrary herein, Seller covenants and agrees to remove (or cause to be removed) from the Property (which obligation shall be deemed satisfied if the same is insured over and the amount secured by any of the instruments referenced in clauses (a) and (b) below have been paid and the holders of the same are obligated to cause the same to be released from the Property) concurrently with the Close of Escrow (a) all deeds of trust, mortgages and/or other debt instruments to the extent executed by Seller or expressly assumed by Seller in writing, and (b) any other monetary liens (other than mechanic's liens that are considered Permitted Exceptions) which are of an ascertainable amount, and do not exceed \$100,000 in the aggregate and are capable of being removed upon the payment of no more than \$100,000 in the aggregate. In addition, Seller covenants and agrees not to voluntarily execute any other deeds of trusts, mortgages and/or other debt instruments encumbering the Property that will not be removed from the Property prior to the Close of Escrow.

7.3 **Inspections; Due Diligence Period.**

4.3.1 **Inspections in General.** Commencing from the Effective Date and continuing through and including the expiration of the Due Diligence Period, Buyer, its agents, and employees shall have a limited license (the "**License**") to enter upon the Real Property for the purpose of making non-invasive inspections at Buyer's sole risk, cost and expense. Before any such entry, Buyer shall provide Seller with a certificate of insurance naming Seller as an



additional insured and with an insurer and insurance limits and coverage reasonably satisfactory to Seller. In addition, Buyer, its agents, contractors, or subcontractors shall maintain, and shall have provided evidence reasonably satisfactory to Seller of Workers Compensation Insurance (including a Waiver of Subrogation endorsement in favor of Seller) with coverage amounts required by the applicable statutes of either the state where (a) such entry occurs, or (b) employees of the Buyer, its agents, contractors, or subcontractors, as applicable, are domiciled. All of such entries upon the Real Property shall be at reasonable times during normal business hours and after at least twenty-four (24) hours prior written notice to Seller or Seller's agent (which may be by electronic mail to Vicki Conrad at vicki.conrad@unionbankplaza.com and Lillian Lainez at Lillian.lainez@chushwake.com, with a copy to Tim Helgeson at thelgeson@kbs.com), and Seller or Seller's agent shall have the right to accompany Buyer during any activities performed by Buyer on the Real Property. Notwithstanding anything stated to the contrary herein, Buyer shall have no right to inspect any of the occupied space in the Real Property, and Buyer shall not contact or speak to any of the tenants under the Leases, unless Buyer provides Seller with no less than twenty-four (24) hours prior written notice of such intention and Seller or Seller's representative is present during such inspections and/or discussions with tenants; any discussions with tenants shall immediately cease at the tenant's request and any discussions with tenants must be limited to their existing tenancy and premises and may not involve any lease renegotiations. Seller agrees to make itself or its representatives reasonably available to be present during Buyer's inspections and/or discussions with tenants. Inspections by Buyer shall not unreasonably interfere with the rights of tenants. All inspections shall be made in accordance with all applicable laws (including, without limitation, any federal, state, and local law and guidance issued by the Centers for Disease and Control and Prevention, the State of California, and local health authorities for the limitation of the spread of any infectious diseases (including, without limitation, COVID-19)), as well as any infectious disease related (including, without limitation, COVID-19) property access procedures that may reasonably be adopted by the tenants or Seller. If any inspection or test disturbs the Real Property, Buyer will restore the Real Property to a condition substantially the same as existed before the inspection or test. Buyer shall defend, indemnify Seller and hold Seller, Seller's trustees, officers, tenants, agents, contractors and employees and the Real Property harmless from and against any and all losses, costs, damages, claims, or liabilities (but excluding consequential or punitive damages), including but not limited to, mechanics' and materialmen's liens, any claims and liabilities relating to the handling of hazardous materials by Buyer, its employees, agents, contractors or representatives, any claims and liabilities arising from a purported infection from an infectious disease, including, without limitation, COVID-19, or other loss or liabilities relating to an infectious disease, including, without limitation, COVID-19, and Seller's attorneys' fees, arising out of or in connection with Buyer's, or its agents', contractors', employees', or invitees' entry upon or inspection of the Real Property. The License may be revoked by Seller at any time and shall in any event be deemed revoked upon termination of this Agreement. Buyer hereby accepts the risk that it or its employees, agents or contractors may contract COVID-19 and/or other infectious disease as a result of coming onto the Property and/or entering the building located at the Property. In addition, Buyer shall cause all its employees, agents or contractors to execute and deliver to Seller prior to coming onto the Property such waivers and release of claims as Seller shall reasonably require with respect to the contracting of COVID-19 and/or other infectious diseases while present at the Property; provided, however, that in no event does Buyer provide any representation, warranty or other

assurance that any such waiver and/or release is or will be enforceable. The provisions of this Section 4.3.1 shall survive the Close of Escrow or the earlier termination of this Agreement.

Notwithstanding the foregoing, Buyer's indemnification obligations set forth herein shall not extend to any claims to the extent arising from or related to (i) a diminution in value of the Property caused solely by the disclosure to Seller regarding the discovery of any pre-existing hazardous materials at the Property, (ii) any release on or about the Property of any pre-existing hazardous materials at the Property, except and to the extent such release was contributed to or exacerbated by the negligence of Buyer or its agents, (iii) any conditions on or about the Property in existence as of the Effective Date, except and to the extent contributed to or exacerbated by the gross negligence of Buyer or its agents, or (iv) the gross negligence or willful misconduct of Seller or its agents.

4.3.2 **Environmental Inspections.** The inspections under Section 4.3.1 may include non-invasive Phase I environmental inspections of the Real Property, but no Phase II environmental inspections or other invasive inspections or sampling of soil or materials, including without limitation construction materials, either as part of the Phase I inspections or any other inspections, shall be performed without the prior written consent of Seller, which may be withheld in its sole and absolute discretion, and if consented to by Seller, the proposed scope of work and the party who will perform the work shall be subject to Seller's review and approval. At Seller's request, and upon reimbursement of Buyer's actual third-party out-of-pocket costs thereof, Buyer shall deliver to Seller copies of any Phase II or other environmental reports to which Seller consents as provided above without warranty or representation and subject to any agreements with such third party consultants.

4.3.3 **Termination During Due Diligence Period.** If Buyer determines, in its sole discretion, before the expiration of the Due Diligence Period, that the Real Property is unacceptable for Buyer's purposes, Buyer shall have the right to terminate this Agreement by giving to Seller notice of termination ("**Termination Notice**") before the expiration of the Due Diligence Period, in which event the Deposit shall be immediately refunded to Buyer, Buyer shall immediately destroy or return all Property Information to Seller and, except for those provisions of this Agreement which expressly survive the termination of this Agreement, the parties hereto shall have no further obligations hereunder. Alternatively, Buyer may, in its sole discretion, deliver a notice (the "**Notice to Proceed**") before the expiration of the Due Diligence Period indicating its approval of the due diligence related to the Real Property, in which case Buyer shall be deemed to have elected to proceed with the transactions contemplated under this Agreement. In the event that Buyer does not deliver the Notice to Proceed to Seller before the expiration of the Due Diligence Period, then Buyer shall be deemed to have delivered a Termination Notice before the expiration of the Due Diligence Period, with the effects described in this Section 4.3.3. In the event Buyer delivers the Notice to Proceed to Seller before the expiration of the Due Diligence Period, then Buyer shall be deemed to be satisfied with all aspects of all the Real Property, including, without limitation, the condition and suitability of all the Real Property for Buyer's intended use, and Buyer shall be obligated to acquire the Real Property in accordance with the provisions of this Agreement. Buyer's actual or deemed delivery of a Termination Notice to Seller with respect to the Real Property shall constitute Buyer's election to terminate this Agreement with respect to the Real Property as provided above in this Section 4.3.3. Notwithstanding anything to the contrary, Buyer shall be permitted to



retain copies of Property Information to the extent necessary to comply with applicable law or established document retention policies, provided that such copies will be held by Buyer and kept confidential subject to the terms of this Agreement.

7.4 Tenant Estoppel Certificates. Seller shall endeavor to secure and deliver to Buyer no later than five (5) business days prior to the Closing Date (the “**Tenant Estoppel Deadline**”), estoppel certificates (each, a “**Tenant Estoppel Certificate**”) for all Leases consistent with the information in the Rent Rolls and substantially in the form attached hereto as Exhibit D or such form as may be required under the applicable Leases. It shall be a condition precedent to Buyer’s Closing obligations that by the Tenant Estoppel Deadline, Buyer receives Tenant Estoppel Certificates from (i) Union Bank, Yoka & Smith, and Regus (collectively, “**Major Tenants**”), and (ii) together with the Major Tenants, such additional tenants which occupy at least seventy-five percent (75%) of the leased rental floor area of the Real Property and meeting the foregoing requirements (collectively, the “**Required Estoppels**”). Prior to distributing the Tenant Estoppel Certificates to tenants, Seller shall deliver to Buyer drafts of the completed Tenant Estoppel Certificates for Buyer’s review and approval, not to be unreasonably withheld. Buyer shall review such drafts and deliver to Seller any reasonably requested revisions thereto within two (2) business days after receipt thereof. Buyer’s failure to reasonably grant approval or provide reasonably requested revisions within two (2) business days of Seller’s delivery of the draft Tenant Estoppel Certificates shall be deemed approval by Buyer. Seller will provide Buyer with the executed Tenant Estoppel Certificates promptly upon receipt thereof by Seller. Buyer shall be deemed to have approved an executed Tenant Estoppel Certificate unless it notifies Seller in writing of its disapproval of the same within three (3) business days following its receipt of the same. If Buyer does not receive the Required Estoppels by the Tenant Estoppel Deadline, then either Seller or Buyer may elect to extend the Closing Date for up to fourteen (14) days to allow Seller to obtain the Required Estoppels by delivering written notice to the other party by 5:00 p.m. (California time) on the business day immediately following the Tenant Estoppel Deadline. If Buyer does not receive the Required Estoppels on or before the expiration of such fourteen (14) day extension period, if applicable, Buyer may either (i) terminate this Agreement in writing delivered to Seller on or before the Closing Date, in which event the Deposit shall be returned to Buyer and neither party shall have any further obligations hereunder other than those which expressly survive the Closing or earlier termination of this Agreement, or (ii) waive the foregoing condition precedent and proceed to Closing.

7.5 Contracts. Buyer shall assume the obligations arising from and after the Closing Date under the Contracts; provided, however, notwithstanding anything stated to the contrary herein, Buyer shall not be obligated to assume any of Seller’s obligations under, and Seller shall terminate at Close of Escrow, the management and leasing agreement listed in Exhibit C attached hereto and made a part hereof, except that, notwithstanding Seller’s termination of the management and leasing agreement listed in Exhibit C attached hereto, and in consideration of Seller’s terminating the same, Buyer shall be responsible for, and Buyer shall assume pursuant to the terms and provisions of the Assignment of Leases and Contracts and Bill of Sale, as hereinafter defined, all leasing commissions payable (notwithstanding the termination of the management and leasing agreement) under Article IX of the leasing agreement listed in Exhibit C attached hereto after the Close of Escrow arising out of the lease of space in the Property after the Close of Escrow.

In addition, to the extent the current ongoing work described on Schedule 3 attached hereto is not completed or paid for prior to the Closing Date, Buyer shall assume in writing (pursuant to the Assignment of Leases and Contracts and Bill of Sale) Seller's obligations (whether arising before or after the Closing Date) under the construction contracts for such work and shall be entitled to a credit towards the Purchase Price equal to the remaining balance under such construction contracts, but only to the extent (a) the same remains unpaid as of the Close of Escrow, and (b) Buyer has not otherwise received a credit towards the Purchase Price for such unpaid work under such construction contracts in the form of tenant improvement allowances for such tenants as reflected on Schedule 1-2 and pursuant to Section 5.3 hereof.

7.6 Confidentiality. Prior to the Close of Escrow or in the event the Close of Escrow never occurs, the Property Information and all other information, other than matters of public record or matters generally known to the public, furnished to, or obtained through inspection of the Real Property by, Buyer, its affiliates, lenders, employees, attorneys, accountants and other professionals or agents relating to the Real Property, will be treated by Buyer, its affiliates, lenders, employees and agents as confidential, and will not be disclosed to anyone (except as reasonably required in connection with Buyer's evaluation of the Real Property) except to Buyer's consultants who agree to maintain the confidentiality of such information, and will be destroyed or returned to Seller by Buyer if the Close of Escrow does not occur. In no event shall Buyer have any obligation of confidentiality, non-disclosure, and/or non-use with respect to any information or document that (a) is or becomes generally available to the public other than as a result of a disclosure by Buyer or its agents in violation of this Agreement, (b) was previously known to Buyer prior to its being furnished to Buyer pursuant to this Agreement, (c) becomes available to Buyer from a source other than Seller or its agents which source, to Buyer's actual knowledge at the time of such disclosure, was not bound by a duty of confidentiality to Seller with respect to such information, or (d) is independently developed by Buyer without breach of this Agreement.

The terms of this Agreement will not be disclosed to anyone prior to or after the Close of Escrow except to Buyer's and Seller's consultants, agents and representatives assisting with the transaction who agree to maintain the confidentiality of such information and Seller and Buyer agree not to make any public announcements or public disclosures or communicate with any media with respect to the subject matter hereof without the prior written consent of the other party (to be granted in their sole and absolute discretion). The confidentiality provisions of this Section 4.6 shall not apply to any disclosures made by Buyer or Seller as required by law, by court order, or in connection with any subpoena served upon Buyer or Seller; provided Buyer and Seller shall provide each other with written notice before making any such disclosure. Notwithstanding the foregoing and anything to the contrary in this Agreement, nothing contained herein shall impair Seller's (or any Seller affiliate's) right to disclose information relating to this Agreement or the Property (a) to any due diligence representatives and/or consultants that are engaged by, work for or are acting on behalf of, any securities dealers and/or broker dealers evaluating Seller or its affiliates, (b) in connection with any filings (including any amendment or supplement to any S-11 filing) with governmental agencies (including the United States Securities and Exchange Commission) by any REIT holding an interest (direct or indirect) in Seller, and (c) to any broker/dealers in the Seller's or any REIT's broker/dealer network and any of the REIT's or Seller's investors.

5. OPERATIONS AND RISK OF LOSS

7.1 Ongoing Operations. During the pendency of this Agreement, but subject to the limitations set forth below, Seller shall carry on its businesses and activities relating to the Real Property substantially in the same manner as it did before the date of this Agreement. The new and pending lease transactions (the “New and Pending Lease Transactions”) reflected on Schedule 1-1 and Schedule 1-2 attached hereto shall be deemed approved by Buyer for purposes of this Agreement.

7.2 New Contracts. Prior to the expiration of the Due Diligence Period, Seller will not enter into any contract that will be an obligation affecting the Real Property subsequent to the Close of Escrow (except contracts entered into in the ordinary course of business that are terminable without cause on 30-days’ notice), without the prior consent of the Buyer, which shall not be unreasonably withheld or delayed; and following the expiration of the Due Diligence Period, Seller will not enter into any contract that will be an obligation affecting the Real Property subsequent to the Close of Escrow (except contracts entered into in the ordinary course of business that are terminable without cause on 30-days’ notice), without the prior consent of the Buyer, shall be granted in Buyer’s sole discretion; provided, however, Buyer’s consent shall not be required for any contracts required to enable Seller to comply with the terms of the Leases or required to address any health, safety or zoning conditions at the Property.

7.3 Leasing Arrangements. Prior to the expiration of the Due Diligence Period, Seller shall obtain Buyer’s consent, which Buyer shall not unreasonably withhold or delay, before entering into any new lease of space in the Real Property and before entering into a Lease amendment, expansion, or renewal; and following the expiration of the Due Diligence Period, Seller shall obtain Buyer’s consent, which Buyer shall grant in Buyer’s sole discretion, before entering into any new lease of space in the Real Property and before entering into a Lease amendment, expansion, or renewal; provided, however, Buyer’s consent shall not be required for any Lease amendment, expansion and/or extension which is provided for in the Lease and with respect to which Seller does not have any discretion. Buyer shall be deemed to have consented to any new lease or any Lease amendment, expansion, or renewal if it has not notified Seller specifying with particularity the matters to which Buyer reasonably objects, within five (5) business days after its receipt of Seller’s written request for consent, together with a copy of the Lease amendment, expansion, or renewal or the new lease. At the Close of Escrow, (a) Buyer shall reimburse Seller for commissions, legal fees, the cost of tenant improvements, and all other leasing costs and expenses paid by Seller with respect to all New and Pending Lease Transactions entered into and listed on Schedule 1-1 attached hereto and with respect to all other Lease amendments, expansions or renewals or new leases that were entered into pursuant to this Section 5.3 between the Effective Date and the Close of Escrow, (b) Buyer shall be entitled to a credit towards the Purchase Price equal to the leasing commissions, tenant improvement allowances and free rent credits referred to in Schedule 1-2 attached hereto to the extent such transaction has been entered into and the amounts set forth on Schedule 1-2 attached hereto to the extent such transaction has been entered into and the amounts set forth on Schedule 1-2 attached hereto remain unpaid and due and owing as of the Close of Escrow, and (c) Buyer shall assume in writing (pursuant to the Assignment of Leases and Contracts and Bill of Sale) Seller’s obligations (whether arising before or after the Closing Date) under the Leases referred to in Schedule 1-1 and Schedule 1-2 attached hereto (to the extent they have been entered into), and



all new leases and Lease amendments, expansions or renewals entered into in accordance with the terms of this Agreement.

7.4 Damage or Condemnation. Risk of loss resulting from any condemnation or eminent domain proceeding which is commenced or has been threatened against the Real Property before the Close of Escrow, and risk of loss to the Real Property due to fire, flood or any other cause before the Close of Escrow, shall remain with Seller. If before the Close of Escrow the Real Property or any portion thereof shall be materially damaged, or if the Real Property or any material portion thereof shall be subjected to a bona fide threat of condemnation or shall become the subject of any proceedings, judicial, administrative or otherwise, with respect to the taking by eminent domain or condemnation, then Buyer may elect not to acquire the Real Property by delivering written notice of such election to Seller within fifteen (15) days after Buyer learns of the damage or taking, in which event Buyer shall no longer be obligated to purchase, and Seller shall no longer be obligated to sell, the Real Property. If the Closing Date is within the aforesaid 15-day period, then the Close of Escrow shall be extended to the next business day following the end of said 15-day period. If no such election is made, and in any event if the damage is not material, this Agreement shall remain in full force and effect, the purchase contemplated herein, less any interest taken by eminent domain or condemnation, shall be effected with no further adjustment, and upon the Close of Escrow, Seller shall assign, transfer and set over to Buyer all of the right, title and interest of Seller in and to any awards that have been or that may thereafter be made for such taking, and Seller shall assign, transfer and set over to Buyer any insurance proceeds that may thereafter be made for such damage or destruction giving Buyer a credit at the Close of Escrow for any deductible under such policies. For purposes of this Section 5.4, the phrase(s) (i) “**Material damage**” or “**Materially damaged**” means damage (A) reasonably exceeding five percent of the Purchase Price of the Real Property, or (B) triggers an express termination right of any Major Tenants, and (ii) “**material portion**” means any portion of the Real Property that (A) has a “fair market value” exceeding five percent (5%) of the Purchase Price of the Real Property, (B) causes a permanent and material impairment to vehicular access or pedestrian access to the Property, or (C) would materially prevent Buyer from conducting operations at the Property substantially in the same manner as Seller has operated the Property.

6. SELLER’S AND BUYER’S DELIVERIES

7.1 Seller’s Deliveries into Escrow. No less than one (1) business day prior to the Closing Date, Seller shall deliver into Escrow (as such term is defined in Section 9 hereof) to the Escrow Holder the following:

(a) **Deed.** A grant deed (the “**Deed**”) in the form attached hereto as Exhibit E, executed and acknowledged by Seller, conveying to Buyer Seller’s title to the Real Property.

(b) **Assignment of Leases and Contracts and Bill of Sale.** An Assignment of Leases and Contracts and Bill of Sale (“**Assignment of Leases and Contracts and Bill of Sale**”) in the form of Exhibit F attached hereto, executed by Seller.

(c) **State Law Disclosures.** Such disclosures and reports as are required by applicable state and local law in connection with the conveyance of the Real Property.

(d) **FIRPTA**. A Foreign Investment in Real Property Tax Act affidavit executed by Seller substantially in the form of Exhibit G attached hereto.

(e) **Owner's Affidavit**. An Owner's Affidavit in the form of Exhibit H attached hereto, executed by Seller, except that Buyer shall have no right to receive a copy of such Owner's Affidavit.

(f) **Additional Documents**. Any additional documents that Escrow Holder or the Title Company may reasonably require for the proper consummation of the transaction contemplated by this Agreement.

(g) **California Natural Hazard Disclosure Statement**. Prior to the expiration of the Due Diligence Period, a California Natural Hazard Disclosure Statement in the form attached as Schedule 2 hereto.

7.2 Buyer's Deliveries into Escrow. Except as expressly set forth below and in Section 3.2.2 with respect to delivery of the balance of the Purchase Price, no less than one (1) business day prior to the Closing Date, Buyer shall deliver into Escrow to the Escrow Holder the following:

(a) **Purchase Price**. The Purchase Price, less the Deposit that is applied to the Purchase Price, plus or minus applicable prorations, deposited by Buyer with the Escrow Holder in immediate, same day federal funds wired for credit into the Escrow Holder's escrow account and deposited in Escrow Holder's escrow account no later than 1:00 p.m. (California time) on the Closing Date.

(b) **Assignment of Leases and Contracts and Bill of Sale**. An Assignment of Leases and Contracts and Bill of Sale executed by Buyer.

(c) **State Law Disclosures**. Such disclosures and reports as are required by applicable state and local law in connection with the conveyance of the Real Property.

(d) **Additional Documents**. Any additional documents that Escrow Holder or the Title Company may reasonably require for the proper consummation of the transaction contemplated by this Agreement.

(e) **California Natural Hazard Disclosure Statement**. Prior to the expiration of the Due Diligence Period, a California Natural Hazard Disclosure Statement in the form attached as Schedule 2 hereto.

7.3 Closing Statements/Escrow Fees; Tenant Notices. Concurrently with the Close of Escrow, Seller and Buyer shall deposit with the Escrow Holder executed closing statements consistent with this Agreement in the form required by the Escrow Holder and, Seller and Buyer shall execute at the Close of Escrow, and deliver to each tenant immediately after the Close of Escrow, tenant notices regarding the sale of the Real Property in substantially the form of Exhibit I attached hereto, or such other form as may be required by applicable state law.

7.4 Post-Closing Deliveries. Immediately after the Close of Escrow, to the extent in Seller's possession or the possession of Seller's property manager, Seller shall deliver to the offices of Buyer's property manager: the original Leases; copies or originals of all contracts, receipts for deposits, and unpaid bills; all keys, if any, used in the operation of the Real Property; and, if in Seller's possession or the possession of Seller's property manager, any "as-built" plans and specifications of the Improvements.

7. CONDITIONS TO BUYER'S AND SELLER'S OBLIGATIONS

7.1 Conditions to Buyer's Obligations. The Close of Escrow and Buyer's obligation to consummate the transaction contemplated by this Agreement are subject to the satisfaction of the following conditions for Buyer's benefit (or Buyer's waiver thereof, it being agreed that Buyer may waive any or all of such conditions) on or prior to the Closing Date or on the dates designated below for the satisfaction of such conditions:

(a) All of Seller's representations and warranties contained herein shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date, subject to any qualifications hereafter made to any of Seller's representations as provided for in Section 11.1 hereof;

(b) As of the Closing Date, Seller shall have performed its respective obligations hereunder and all deliveries to be made at Close of Escrow by Seller shall have been tendered;

(c) There shall exist no actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings, pending or threatened against Seller that would materially and adversely affect Seller's ability to perform its obligations under this Agreement;

(d) There shall exist no pending or threatened action, suit or proceeding with respect to Seller before or by any court or administrative agency which seeks to restrain or prohibit, or to obtain damages or a discovery order with respect to, this Agreement or the consummation of the transaction contemplated hereby; and

(e) Subject to Section 4.4 above, Seller shall have delivered or caused to be delivered to Buyer, the Required Estoppels.

If, notwithstanding the nonsatisfaction of any such condition, the Close of Escrow occurs, there shall be no liability on the part of Seller for breaches of representations and warranties of which Buyer had knowledge as of the Close of Escrow.

7.2 Conditions to Seller's Obligations. The Close of Escrow and Seller's obligations to consummate the transaction contemplated by this Agreement are subject to the satisfaction of the following conditions for Seller's benefit (or Seller's waiver thereof, it being agreed that Seller may waive any or all of such conditions) on or prior to the Closing Date or the dates designated below for the satisfaction of such conditions:

(a) All of Buyer's representations and warranties contained herein shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date;

(b) As of the Closing Date, Buyer has performed its obligations hereunder and all deliveries to be made at Close of Escrow by Buyer shall have been tendered including, without limitation, the deposit with Escrow Holder of the amounts set forth in Section 6.2(a) hereof;

(c) There shall exist no actions, suits, arbitrations, claims, attachments, proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization or other proceedings, pending or threatened against Buyer that would materially and adversely affect Buyer's ability to perform its obligations under this Agreement;

(d) There shall exist no pending or threatened action, suit or proceeding with respect to Buyer before or by any court or administrative agency which seeks to restrain or prohibit, or to obtain damages or a discovery order with respect to, this Agreement or the consummation of the transaction contemplated hereby; and

(e) Seller shall have received all consents and approvals from all governmental bodies from whom such consents and approvals are necessary in order to consummate the Close of Escrow, but only to the extent Seller's failure to obtain such consents and/or approvals would prevent Seller from consummating the Close of Escrow.

8. CLOSE OF ESCROW; POSSESSION

8.1 "Close of Escrow" shall mean and refer to Seller's receipt of the Purchase Price and the other amounts due Seller in accordance with the provisions of Section 9.1(b) below. The Escrow and Buyer's right to purchase the Real Property will terminate automatically if the Close of Escrow does not occur on or before 1:45 p.m. (California time) on the Closing Date.

8.2 Sole exclusive possession of the Real Property, subject only to the Permitted Exceptions, shall be delivered to Buyer on the Closing Date.

9. ESCROW

12.1 Closing. The escrow (the "Escrow") for the consummation of this transaction shall be established with Escrow Holder at the address indicated in Section 15.1 hereof by the deposit of an original signed copy of this Agreement with Escrow Holder contemporaneously with the execution hereof. This Agreement shall constitute both an agreement among Buyer and Seller and escrow instructions for Escrow Holder. If Escrow Holder requires separate or additional escrow instructions which it deems necessary for its protection, Seller and Buyer hereby agree promptly upon request by Escrow Holder to execute and deliver to Escrow Holder such separate or additional escrow instructions (the "Additional Instructions"). In the event of any conflict or inconsistency between this Agreement and the Additional Instructions, this Agreement shall prevail and govern, and the Additional Instructions shall so provide. The Additional Instructions shall not modify or amend the provisions of this Agreement unless otherwise agreed to in writing by Seller and Buyer.

On the Closing Date, provided that the conditions set forth in Sections 7.1 and 7.2 hereof have been satisfied or waived, Escrow Holder shall take the following actions in the order indicated below:

(a) With respect to all closing documents delivered to Escrow Holder hereunder, and to the extent necessary, Escrow Holder is authorized to insert into all blanks requiring the insertion of dates the date of the recordation of the Deed or such other date as Escrow Holder may be instructed in writing by Seller and Buyer;

(b) Deliver to Seller, in cash or current funds, the Purchase Price, plus or minus, as the case may be, the amounts determined in accordance with the provisions of Section 10 hereof, Buyer's signed counterparts of the Assignment of Leases and Contracts and Bill of Sale and conformed copies of the recorded Deed;

(c) Record the Deed in the official records of the County in which the Real Property is located;

(d) Deliver to Buyer those items referred to in Section 6.1 hereof and a conformed copy of the recorded Deed;

(e) Cause the Title Company to issue the Title Policy for the Real Property in accordance with the provisions of Section 4.2.3 hereof; and

(f) Deliver to Seller and Buyer a final closing statement which has been certified by Escrow Holder to be true and correct.

9.2 Escrow and Title Charges.

(a) Upon the Close of Escrow, escrow, title charges and other closing costs shall be allocated between Seller and Buyer as follows:

(i) Seller shall pay: (1) the premiums for the standard coverage portion of the Title Policy, (2) the cost of recording the Deed, (3) all sales, gross receipts, compensating, stamp, excise, documentary, transfer, deed or similar taxes or fees (City, County and State) payable in connection with the consummation of the transactions contemplated by this Agreement, and (4) one-half (1/2) of any escrow fees or similar charges of Escrow Holder.

(ii) Buyer shall pay: (1) one-half (1/2) of any escrow fees or similar charges of Escrow Holder, and (2) the ALTA extended coverage portion of the Title Policy, including premiums and any additional costs (including any new survey costs procured by Buyer) for such coverage (additional to the premiums for standard coverage) and the cost of any endorsements to the Title Policy required by Buyer.

(iii) Buyer shall pay all costs incurred in connection with Buyer's updating or recertifying the Existing Surveys or obtaining any new surveys procured by Buyer for the Real Property.

(iv) All expenses incurred by Seller and Buyer with respect to the negotiation, documentation and closing of this transaction, including, without limitation, Buyer's and Seller's attorneys' fees, shall be borne and paid by the party incurring same.

(v) Any other transaction costs for which responsibility is not expressly set forth in this Agreement shall be apportioned in the customary manner for real property transactions in Los Angeles County.

(b) If the Close of Escrow does not occur by reason of Buyer's or Seller's default under this Agreement, then all escrow and title charges (including cancellation fees) shall be borne by the party in default.

9.3 Procedures Upon Failure of Condition. Except as otherwise expressly provided herein, if any condition set forth in Sections 7.1 or 7.2 hereof is not timely satisfied or waived for a reason other than the default of Buyer or Seller in the performance of its respective obligations under this Agreement:

(a) This Agreement, the Escrow and the respective rights and obligations of Seller and Buyer hereunder shall terminate (other than the indemnity and insurance obligations of Buyer set forth in Sections 4.3.1 and 14 hereof and the confidentiality provisions of Section 4.6 hereof which shall survive such termination) at the written election of the party for whose benefit such condition was imposed;

(b) Escrow Holder, or if Seller is holding the Deposit, Seller shall return the Deposit to Buyer, shall promptly return to Buyer all funds of Buyer in its possession, including the Deposit and all interest accrued thereon, and to Seller and Buyer all documents deposited by them respectively, which are then held by Escrow Holder;

(c) Buyer shall destroy or return to Seller the Property Information and Buyer shall deliver to Seller all Work Product (as such term is defined in Section 15.3 hereof); and

(d) Any escrow cancellation and title charges shall be borne equally by Seller and Buyer.

10. PRORATIONS

If the Purchase Price is received by Seller's depository bank in time to credit to Seller's account on the Closing Date, the day the Close of Escrow occurs shall belong to Buyer and all prorations hereinafter provided to be made as of the Close of Escrow shall each be made as of the end of the day before the Closing Date. If the cash portion of the Purchase Price is not so received by Seller's depository bank on the Closing Date, then the day the Close of Escrow occurs shall belong to Seller and such proration shall be made as of the end of the day that is the Closing Date. In each such proration set forth below, the portion thereof applicable to periods beginning as of Close of Escrow shall be credited to Buyer or charged to Buyer as applicable and the portion thereof applicable to periods ending as of Close of Escrow shall be credited to Seller or charged to Seller as applicable.

11.1 Collected Rent. All rent (including, without limitation, all base rents, additional rents and retroactive rents, and expressly excluding tenant reimbursements for Operating Costs, as hereinafter defined) and all other income (and any applicable state or local tax on rent) (hereinafter collectively referred to as “**Rents**”) collected under Leases in effect on the Closing Date shall be prorated as of the Close of Escrow. Uncollected Rent shall not be prorated and, to the extent payable for the period prior to the Close of Escrow, shall remain the property of Seller. Buyer shall apply Rent from tenants that are collected after the Close of Escrow first to the month of the Close of Escrow, second to Rents which are due to Buyer after the Close of Escrow, and third to Rents which were due to Seller before the Close of Escrow. Any Rents applicable to the period following the Closing Date shall be paid over by Seller to Buyer. Buyer will make reasonable efforts, without suit, to collect any Rents applicable to the period before the Close of Escrow including, without limitation, sending to tenants bills for the payment of past due Rents during the first six (6) month period following the Closing Date. Seller may pursue collection of any Rents that were past due as of the Closing Date, provided that Seller shall have no right to terminate any Lease or any tenant’s occupancy under any Lease in connection therewith.

11.2 Operating Costs and Additional Rent Reconciliation. Seller, as landlord under the Leases, is currently collecting from tenants under the Leases additional rent to cover taxes, insurance, utilities (to the extent not paid directly by tenants), common area maintenance and other operating costs and expenses (collectively, “**Operating Costs**”) in connection with the ownership, operation, maintenance and management of the Real Property. To the extent that any additional rent (including, without limitation, estimated payments for Operating Costs) is paid by tenants to the landlord under the Leases based on an estimated payment basis (monthly, quarterly, or otherwise) for which a future reconciliation of actual Operating Costs to estimated payments is required to be performed at the end of a reconciliation period, Buyer and Seller shall make an adjustment at the Close of Escrow for the applicable reconciliation period (or periods, if the Leases do not have a common reconciliation period) based on a comparison of the actual Operating Costs to the estimated payments at the Close of Escrow. If, as of the Close of Escrow, Seller has received additional rent payments in excess of the amount that tenants will be required to pay, based on the actual Operating Costs as of the Close of Escrow, Buyer shall receive a credit in the amount of such excess. If, as of the Close of Escrow, Seller has received additional rent payments that are less than the amount that tenants would be required to pay based on the actual Operating Costs as of the Close of Escrow, Seller shall receive a credit in the amount of such deficiency; provided, however, Seller shall not be entitled to the portion, if any, of such deficiency for which Seller received a credit at the Close of Escrow under clause (b) of Section 10.3 hereof. Operating Costs that are not payable by tenants either directly or reimbursable under the Leases shall be prorated between Seller and Buyer and shall be reasonably estimated by the parties if final bills are not available.

11.3 Taxes and Assessments. Real estate taxes and assessments imposed by any governmental authority (“**Taxes**”) with respect to the Real Property for the relevant tax year in which the Real Property is being sold and that are not yet due and payable or that have not yet been paid and that are not (and will not be) reimbursable or payable directly by tenants under the Leases (or under leases entered into after the Close of Escrow for vacant space existing at the Close of Escrow) as Operating Costs shall be prorated as of the Close of Escrow based upon the most recent ascertainable assessed values and tax rates and based upon the number of days Buyer

and Seller will have owned the Real Property during such relevant tax year. Seller shall receive a credit for any Taxes paid by Seller and applicable to (a) any period after the Close of Escrow, and (b) any period before the Close of Escrow to the extent reimbursable as Operating Costs by (i) existing tenants under the Leases and not yet received from such tenants, or (ii) future tenants that may execute leases covering space in the Real Property that is vacant as of the Close of Escrow. If, as of the Closing Date, Seller is protesting or has notified Buyer, in writing, that it has elected to protest any Taxes for the Real Property, then Buyer agrees that Seller shall have the right (but not the obligation), after the Closing Date, to continue such protest. In such case, any Taxes paid by Buyer after the Closing Date with respect to the Real Property shall be paid under protest and Buyer shall promptly notify Seller of any payments of Taxes made by Buyer with respect to the Real Property. Buyer further agrees to reasonably cooperate with Seller and execute any documents reasonably required by Seller in connection with such protest. As to the Real Property, any tax savings received (“**Tax Refunds**”) for the relevant tax year under any protest, whether filed by Seller or Buyer, shall be prorated between the parties based upon the number of days, if any, Seller and Buyer respectively owned the Real Property during such relevant tax year; and any payment of Tax Refunds to Buyer or Seller shall be net of any fees and expenses payable to any third party for processing such protest, including attorneys’ fees. Seller shall have the obligation to refund to any tenants in good standing as of the date of such Tax Refund, any portion of such Tax Refund paid to Seller which may be owing to such tenants, which payment shall be paid to Buyer within fifteen (15) business days of delivery to Seller by Buyer of written confirmation of such tenants’ entitlement to such Tax Refunds. Buyer shall have the obligation to refund to tenants in good standing as of the date of such Tax Refund, any portion of such Tax Refund paid to it which may be owing to such tenants. Seller and Buyer agree to notify the other in writing of any receipt of a Tax Refund within fifteen (15) business days of receipt of such Tax Refund. To the extent either party obtains a Tax Refund, a portion of which is owed to the other party, the receiving party shall deliver the Tax Refund to the other party within fifteen (15) business days of its receipt. If Buyer or Seller fail to pay such amount(s) to the other as and when due, such amount(s) shall bear interest from the date any such amount is due to Seller or Buyer, as applicable, until paid at the lesser of (a) twelve percent (12%) per annum and (b) the maximum amount permitted by law. The obligations set forth herein shall survive the Close of Escrow.

11.4 Leasing Commissions, Tenant Improvements and Contracts. At Close of Escrow, Buyer shall assume (pursuant to the Assignment of Leases and Contracts and Bill of Sale) the obligation to pay all (a) leasing costs that are due or become due prior to the Closing Date to the extent that the same (i) arise from a new lease or any Lease amendment, extension or expansion hereafter entered into by Seller in accordance with the terms and conditions of this Agreement to the extent such leasing costs are expressly set forth in such new lease, Lease amendment, extension or expansion or otherwise expressly disclosed to Buyer in writing at the time of Buyer’s approval of such new lease, Lease amendment, extension or expansion in accordance with Section 5.3 hereof, or (ii) arise out of any New and Pending Lease Transactions (including, without limitation, the commissions and/or tenant improvements referenced in Section 5.3 hereof) to the extent disclosed in Schedule 1-1 or Schedule 1-2 hereof, and (b) leasing costs that are due after the Closing Date to the extent disclosed in the Leases, disclosed in any of the Property Information, disclosed in the Tenant Estoppel Certificates, or otherwise disclosed to Buyer in writing prior to the expiration of the Due Diligence Period.

Buyer will assume the obligations arising from and after the Closing Date under the Contracts. Buyer and Seller shall each be entitled to the credits, if any, provided for in Section 5.3 herein.

11.5 Tenant Deposits. All tenant security deposits actually received by Seller (and interest thereon if required by law or contract to be earned thereon) and not theretofore applied to tenant obligations pursuant to the terms of the Leases shall be transferred or credited to Buyer at the Close of Escrow or placed in escrow if required by law. As of the Close of Escrow, Buyer shall assume Seller's obligations related to the tenant security deposits transferred or credited to Buyer. Buyer will indemnify, defend, and hold Seller harmless from and against all demands and claims made by tenants arising out of the transfer or disposition of any security deposits and will reimburse Seller for all attorneys' fees incurred or that may be incurred as a result of any such claims or demands as well as for all loss, expenses, verdicts, judgments, settlements, interest, costs and other expenses incurred or that may be incurred by Seller as a result of any such claims or demands by tenants. If any security deposits are in the form of a letter of credit, Seller's obligation to deliver or credit such deposit shall be satisfied by the delivery by Seller of the original letter of credit to Buyer. Seller shall cooperate with Buyer to transfer any such letters of credit, including signing any assignment document requested by the issuer and presented to Seller prior to or after Closing, but expressly excluding any obligation to draw on any letter of credit for the benefit of Buyer. All costs of the assignment of any letter of credit shall be paid by Buyer without prejudice to Buyer's right to seek reimbursement from a tenant for such costs post-closing if permitted under the respective lease.

11.6 Utilities and Utility Deposits. Utilities for the Real Property (excluding utilities for which payment is made directly by tenants), including water, sewer, electric, and gas, based upon the last reading of meters prior to the Close of Escrow, shall be prorated. Seller shall be entitled to a credit for all security deposits held by any of the utility companies providing service to the Real Property. Seller shall endeavor to obtain meter readings on the day before the Closing Date, and if such readings are obtained, there shall be no proration of such items and Seller shall pay at Close of Escrow the bills therefor for the period to the day preceding the Close of Escrow, and Buyer shall pay the bills therefor for the period subsequent thereto. If the utility company will not issue separate bills, Buyer will receive a credit against the Purchase Price for Seller's portion and will pay the entire bill prior to delinquency after Close of Escrow. If Seller has paid utilities no more than thirty (30) days in advance in the ordinary course of business, then Buyer shall be charged its portion of such payment at Close of Escrow. Buyer shall be responsible for making any security deposits required by utility companies providing service to the Real Property.

11.7 Owner Deposits. Seller shall receive a credit at the Close of Escrow for all bonds, deposits, letters of credit, set aside letters or other similar items, if any, that are outstanding with respect to the Real Property that have been provided by Seller or any of its affiliates to any governmental agency, public utility, or similar entity (collectively, "**Owner Deposits**") to the extent assignable to Buyer. To the extent any Owner Deposits are not assignable to Buyer, Buyer shall replace such Owner Deposits and obtain the release of Seller (or its affiliates) from any obligations under such Owner Deposits. To the extent that any funds are released as a result of the termination of any Owner Deposits for which Seller did not get a credit, such funds shall be delivered to Seller promptly upon their receipt.

11.8 Percentage Rents. Percentage rents (“**Percentage Rents**”) actually collected for the month in which the Close of Escrow occurs shall be prorated as of the Closing Date. Percentage Rents due after the Close of Escrow shall not be prorated; provided, however, after Buyer has completed any reconciliation of actual Percentage Rents payable and estimated Percentage Rents paid by the subject tenants, and all reconciled amounts have been paid, a reconciliation shall be made between Seller and Buyer with regard to such Percentage Rents. Pursuant to such reconciliation, Seller and Buyer shall be entitled to their proportionate share of all Percentage Rents paid for the subject fiscal Lease year used to calculate each tenant’s Percentage Rents (less any out-of-pocket costs incurred in collecting said amounts, which shall belong to Buyer) based on the number of days of such fiscal year Seller and Buyer owned the Property (and adjusted for any amount of Percentage Rent prorated at Closing or received by Seller or Buyer). As used in this paragraph, the term “Percentage Rents” shall not include and shall have deducted from such Percentage Rent amount any “base” or “minimum” rent component which is payable each month (regardless of actual sales), which “base” or “minimum” rent component shall be prorated or otherwise handled in the manner provided in this Agreement. Buyer will make reasonable efforts, without suit, to collect all Percentage Rents payable after the Close of Escrow and relating to the period prior to the Close of Escrow, and all Percentage Rents which are delinquent as of the Close of Escrow, including, without limitation, sending to tenants bills for the payment of the same during the first six (6) month period following the Closing Date. Seller may pursue collection of all Percentage Rents payable after the Close of Escrow and relating to the period prior to the Close of Escrow and all Percentage Rents which are delinquent as of the Close of Escrow, provided that Seller shall have no right to terminate any Lease or any tenant’s occupancy under any Lease in connection therewith.

11.9 Final Adjustment After Closing. If final prorations cannot be made at the Close of Escrow for any item being prorated under this Section 10, then, provided Buyer and Seller both identify any such proration (“**Post Closing Proration**”) in writing before the Close of Escrow, Buyer and Seller agree to allocate such items on a fair and equitable basis as soon as invoices or bills are available and applicable reconciliation with tenants have been completed, with final adjustment to be made as soon as reasonably possible after the Close of Escrow (but in no event later than ninety (90) days after the Close of Escrow, except that adjustments arising from any tax protest under Section 10.3 or from Percentage Rents under Section 10.8 hereof shall not be subject to such 90-day limitation, but shall be made as soon as reasonably possible), to the effect that income and expenses are received and paid by the parties on an accrual basis with respect to their period of ownership. Payments in connection with the final adjustment shall be due no later than ninety (90) days after the Close of Escrow, except that adjustments arising from any tax protest under Section 10.3 or relating to Percentage Rents under Section 10.8 hereof shall not be subject to such 90-day limitation, but shall be made as soon as reasonably possible. With prior written notice, Seller shall be granted reasonable access to, and the right to inspect and audit, Buyer’s books to confirm the final prorations for a period of one (1) year after the Close of Escrow. Notwithstanding anything to the contrary stated in this Section 10, except for any reconciliation arising out of a tax protest under Section 10.3 hereof, or arising out of Percentage Rents under Section 10.8 hereof, and except for any Post Closing Prorations (which must be determined and paid within ninety (90) days after the Close of Escrow), all prorations made under this Section 10 shall be final as of the Close of Escrow and shall not be subject to further adjustment (whether due to an error or for any other reason) after the Close of Escrow.

11. **SELLER'S REPRESENTATIONS AND WARRANTIES; AS-IS**

11.1 Seller's Representations and Warranties. In consideration of Buyer's entering into this Agreement and as an inducement to Buyer to purchase the Real Property from Seller, Seller makes the following representations and warranties to Buyer:

(a) Seller is a limited liability company organized and in good standing under the laws of the State of Delaware. Seller has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and, the execution, delivery and performance of this Agreement have been duly authorized and no other action by Seller is requisite to the valid and binding execution, delivery and performance of this Agreement, except as otherwise expressly set forth herein.

(b) There is no agreement to which Seller is a party or to Seller's Actual Knowledge binding on Seller which would prevent Seller from consummating the transaction contemplated by this Agreement.

(c) To Seller's Actual Knowledge, Seller has not received written notice of the existence of any attachments, executions, assignments for the benefit of creditors, or voluntary or involuntary proceedings in bankruptcy or under other debtor relief laws contemplated by, pending, or threatened against Seller.

(d) To Seller's Actual Knowledge, except as disclosed on Schedule 4 attached hereto, Seller has received no written notice from any governmental agency in the last 12 months that the Property or the current use and operation thereof violate any applicable federal, state or municipal law, statute, code, ordinance, rule or regulation (including those relating to environmental matters), except with respect to such violations as have been fully cured prior to the date hereof.

(e) To Seller's Actual Knowledge, except as disclosed on Schedule 4 attached hereto, Seller has not received written notice from any governmental agency of any currently pending condemnation proceedings relating to the Property.

(f) To Seller's Actual Knowledge, except as disclosed on Schedule 4 attached hereto, except with respect to slip and fall and similar claims or matters covered by Seller's commercial liability insurance policy, Seller has not received service of process with respect to any litigation that has been filed and is continuing against Seller that arises out of the ownership of the Property and would materially affect the Property or the use thereof, or Seller's ability to perform hereunder.

(g) Seller is not a "foreign person" within the meaning of Sections 1445 and 7701 the Internal Revenue Code of 1986, as amended.

(h) The Property Information delivered or made available to Buyer is the Property Information in Seller's or Seller's property manager's possession and maintained by Seller in the ordinary course of business; provided, however, Seller makes no representation or warranty as to the accuracy or completeness of the Property Information.

For purposes of this Section 11.1, the phrase “**To Seller’s Actual Knowledge**” shall mean the actual (and not implied, imputed, or constructive) knowledge of Tim Helgeson (whom the Seller represents is the asset manager for the Real Property), without any inquiry or investigation of any other parties, including, without limitation, the tenants and the property manager of the Real Property.

The representations and warranties made by Seller in this Agreement shall survive the recordation of the Deed until February 28, 2023, and any action for a breach of Seller’s representations or warranties must be made and filed on or before February 28, 2023. If, after the Effective Date, but before the Close of Escrow, Seller becomes aware of any facts or changes in circumstances that would cause any of its representations and warranties in this Agreement to be untrue at Close of Escrow, Seller may notify Buyer in writing of such fact. In such case, or in the event Buyer obtains information which would cause any of Seller’s representations and warranties to be untrue at Close of Escrow, Buyer, as its sole and exclusive remedy, shall have the right to either (i) terminate this Agreement to the extent that the failure of any such representation or warranty to be true would have a material adverse impact on the Property, in which case the Deposit shall be immediately returned to Buyer and neither party shall have any rights or obligations under this Agreement (except for Sections 4.3.1, 15.3 and 15.5 which survive termination of this Agreement); or (ii) to the extent Buyer is not permitted to terminate this Agreement pursuant to clause (i) above, accept a qualification to Seller’s representations and warranties as of the Close of Escrow and complete the purchase and sale of the Property without any rights to recovery for breach of the unqualified representation and warranty. Other than as set forth in the immediately preceding sentence, if Buyer proceeds with the Close of Escrow, Buyer shall be deemed to have expressly waived any and all remedies for the breach of any representation or warranty discovered by Buyer prior to the Close of Escrow. Notwithstanding the foregoing or any provisions to the contrary in this Agreement, if Seller’s representations and warranties were untrue as of the Effective Date and Seller had Actual Knowledge that such representations and warranties were untrue as of the Effective Date, then, provided Buyer terminates this Agreement pursuant to the provisions of this Section 11.1, Seller shall reimburse Buyer for Buyer’s out-of-pocket costs and expenses (including reasonable attorneys’ fees and expenses), as supported by documentation satisfactory to Seller in its reasonable discretion, incurred in connection with Buyer’s pursuit of the transaction contemplated by this Agreement, not to exceed Two Hundred-Fifty Thousand Dollars (\$250,000.00) in the aggregate.

11.2 As-Is. As of the expiration of the Due Diligence Period, Buyer will have:

(a) examined and inspected the Property and will know and be satisfied with the physical condition, quality, quantity and state of repair of the Property in all respects (including, without limitation, the compliance of the Real Property with the Americans With Disabilities Act of 1990 Pub.L. 101-336, 104 Stat. 327 (1990), and any comparable local or state laws (collectively, the “**ADA**”)) and by proceeding with this transaction following the expiration of the Due Diligence Period shall be deemed to have determined that the same is satisfactory to Buyer;

(b) reviewed the Property Information and all instruments, records and documents which Buyer deems appropriate or advisable to review in connection with this transaction, including, but not by way of limitation, any and all architectural drawings, plans,

specifications, surveys, building and occupancy permits, and any licenses, leases, contracts, warranties and guarantees relating to the Real Property or the business conducted thereon, and Buyer, by proceeding with this transaction following the expiration of the Due Diligence Period, shall be deemed to have determined that the same and the information and data contained therein and evidenced thereby are satisfactory to Buyer;

(c) reviewed all applicable laws, ordinances, rules and governmental regulations (including, but not limited to, those relating to building, zoning and land use) affecting the development, use, occupancy or enjoyment of the Real Property, and Buyer, by proceeding with this transaction following the expiration of the Due Diligence Period, shall be deemed to have determined that the same are satisfactory to Buyer; and

(d) at its own cost and expense, made its own independent investigation respecting the Property and all other aspects of this transaction, and shall have relied thereon and on the advice of its consultants in entering into this Agreement, and Buyer, by proceeding with this transaction following the expiration of the Due Diligence Period, shall be deemed to have determined that the same are satisfactory to Buyer.

TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, AND EXCEPT FOR SELLER'S REPRESENTATIONS AND WARRANTIES IN SECTION 11.1 OF THIS AGREEMENT AND ANY WARRANTIES OF TITLE CONTAINED IN THE DEED DELIVERED AT THE CLOSE OF ESCROW ("**SELLER'S WARRANTIES**"), THIS SALE IS MADE AND WILL BE MADE WITHOUT REPRESENTATION, COVENANT, OR WARRANTY OF ANY KIND (WHETHER EXPRESS, IMPLIED, OR, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, STATUTORY) BY SELLER. AS A MATERIAL PART OF THE CONSIDERATION FOR THIS AGREEMENT, BUYER AGREES TO ACCEPT THE PROPERTY ON AN "AS IS" AND "WHERE IS" BASIS, WITH ALL FAULTS, AND WITHOUT ANY REPRESENTATION OR WARRANTY, ALL OF WHICH SELLER HEREBY DISCLAIMS, EXCEPT FOR SELLER'S WARRANTIES. EXCEPT FOR SELLER'S WARRANTIES, NO WARRANTY OR REPRESENTATION IS MADE BY SELLER AS TO FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY, DESIGN, QUALITY, CONDITION, OPERATION OR INCOME, COMPLIANCE WITH DRAWINGS OR SPECIFICATIONS, ABSENCE OF DEFECTS, ABSENCE OF HAZARDOUS OR TOXIC SUBSTANCES, ABSENCE OF FAULTS, FLOODING, OR COMPLIANCE WITH LAWS AND REGULATIONS INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO HEALTH, SAFETY, AND THE ENVIRONMENT (INCLUDING, WITHOUT LIMITATION, THE ADA). BUYER ACKNOWLEDGES THAT EXCEPT FOR SELLER'S WARRANTIES, BUYER HAS ENTERED INTO THIS AGREEMENT WITH THE INTENTION OF MAKING AND RELYING UPON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC USE, COMPLIANCE, AND LEGAL CONDITION OF THE PROPERTY AND THAT BUYER IS NOT NOW RELYING, AND WILL NOT LATER RELY, UPON ANY REPRESENTATIONS AND WARRANTIES MADE BY SELLER OR ANYONE ACTING OR CLAIMING TO ACT, BY, THROUGH OR UNDER OR ON SELLER'S BEHALF CONCERNING THE PROPERTY. ADDITIONALLY, BUYER AND SELLER HEREBY AGREE THAT (A) EXCEPT FOR SELLER'S WARRANTIES, BUYER IS TAKING THE PROPERTY "AS IS" WITH ALL LATENT AND PATENT DEFECTS AND THAT EXCEPT

FOR SELLER'S WARRANTIES, THERE IS NO WARRANTY BY SELLER THAT THE PROPERTY IS FIT FOR A PARTICULAR PURPOSE, (B) EXCEPT FOR SELLER'S WARRANTIES, BUYER IS SOLELY RELYING UPON ITS EXAMINATION OF THE PROPERTY, AND (C) BUYER TAKES THE PROPERTY UNDER THIS AGREEMENT UNDER THE EXPRESS UNDERSTANDING THAT THERE ARE NO EXPRESS OR IMPLIED WARRANTIES (EXCEPT FOR THE LIMITED WARRANTIES OF TITLE SET FORTH IN THE DEED AND SELLER'S WARRANTIES).

WITH RESPECT TO THE FOLLOWING, BUYER FURTHER ACKNOWLEDGES AND AGREES THAT SELLER SHALL NOT HAVE ANY LIABILITY, OBLIGATION OR RESPONSIBILITY OF ANY KIND AND THAT SELLER HAS MADE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND:

1. THE CONTENT OR ACCURACY OF ANY REPORT, STUDY, OPINION OR CONCLUSION OF ANY SOILS, TOXIC, ENVIRONMENTAL OR OTHER ENGINEER OR OTHER PERSON OR ENTITY WHO HAS EXAMINED THE PROPERTY OR ANY ASPECT THEREOF;
2. THE CONTENT OR ACCURACY OF ANY OF THE ITEMS (INCLUDING, WITHOUT LIMITATION, THE PROPERTY INFORMATION) DELIVERED TO BUYER PURSUANT TO BUYER'S REVIEW OF THE CONDITION OF THE PROPERTY; OR
3. THE CONTENT OR ACCURACY OF ANY PROJECTION, FINANCIAL OR MARKETING ANALYSIS OR OTHER INFORMATION GIVEN TO BUYER BY SELLER OR REVIEWED BY BUYER WITH RESPECT TO THE PROPERTY.

BUYER ALSO ACKNOWLEDGES THAT THE REAL PROPERTY MAY OR MAY NOT CONTAIN ASBESTOS AND, IF THE REAL PROPERTY CONTAINS ASBESTOS, THAT BUYER MAY OR MAY NOT BE REQUIRED TO REMEDIATE ANY ASBESTOS CONDITION IN ACCORDANCE WITH APPLICABLE LAW.

BUYER IS A SOPHISTICATED REAL ESTATE INVESTOR AND IS, OR WILL BE AS OF THE CLOSE OF ESCROW, FAMILIAR WITH THE REAL PROPERTY AND ITS SUITABILITY FOR BUYER'S INTENDED USE. THE PROVISIONS OF THIS SECTION 11.2 SHALL SURVIVE INDEFINITELY ANY CLOSING OR TERMINATION OF THIS AGREEMENT AND SHALL NOT BE MERGED INTO THE DOCUMENTS EXECUTED AT CLOSE OF ESCROW.

/s/ PMM
BUYER'S INITIALS

12. BUYER'S COVENANTS, REPRESENTATIONS AND WARRANTIES; RELEASE; ERISA; INDEMNIFICATION

In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Real Property to Buyer, Buyer makes the following covenants, representations and warranties:

12.1 **Buyer's Representations and Warranties.**

(a) **Authority.** Buyer is a limited liability company organized and in good standing under the laws of the State of Delaware. Buyer has the legal right, power and authority to enter into this Agreement and to consummate the transactions contemplated hereby, and the execution, delivery and performance of this Agreement have been duly authorized and no other action by Buyer is requisite to the valid and binding execution, delivery and performance of this Agreement, except as otherwise expressly set forth herein. There is no agreement to which Buyer is a party or to Buyer's knowledge binding on Buyer which is in conflict with this Agreement.

(b) **Executive Order 13224.** To the best of Buyer's knowledge, neither Buyer nor any of its respective affiliates or constituents, nor any of their respective brokers or other agents acting in any capacity in connection with the transactions contemplated by this Agreement is or will be (a) conducting any business or engaging in any transaction or dealing with any person appearing on the U.S. Treasury Department's Office of Foreign Assets Control ("**OFAC**") list of restrictions and prohibited persons ("**Prohibited Person**") (which lists can be accessed at the following web address: <http://www.ustreas.gov/offices/enforcement/ofac/>), including the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person; (b) dealing in, or otherwise engaging in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224 dated September 24, 2001, relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism"; or (c) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempting to violate, any of the prohibitions set forth in any U.S. anti-money laundering law.

12.2 Release. By proceeding with this transaction following the expiration of the Due Diligence Period, Buyer shall be deemed to have made its own independent investigation of the Property, the Property Information and the presence of Hazardous Materials on the Real Property as Buyer deems appropriate. Accordingly, subject to the representations and warranties of Seller expressly set forth in Section 11.1 hereof, Buyer, on behalf of itself and all of its officers, directors, shareholders, employees, representatives and affiliated entities (collectively, the "**Releasers**") hereby expressly waives and relinquishes any and all rights and remedies Releasers may now or hereafter have against Seller, its successors and assigns, partners, shareholders, officers and/or directors (the "**Seller Parties**"), whether known or unknown, which may arise from or be related to (a) the physical condition, quality, quantity and state of repair of the Real Property and the prior management and operation of the Real Property, (b) the Property Information or any other information relating to the Property provided to Buyer by Seller or Seller's agents, (c) the Real Property's compliance or lack of compliance with any federal, state or local laws or regulations, and (d) any past, present or future presence or existence of Hazardous Materials on, under or about the Real Property or with respect to any past, present or future violation of any rules, regulations or laws, now or hereafter enacted, regulating or governing the use, handling, storage or disposal of Hazardous Materials, including, without limitation, (i) any and all rights and remedies Releasers may now or hereafter have under the Comprehensive Environmental Response Compensation and Liability Act of 1980 ("**CERCLA**"), the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act, and the Toxic Substance Control Act, all as amended, and any



similar state, local or federal environmental law, rule or regulation, and (ii) any and all claims, whether known or unknown, now or hereafter existing, with respect to the Real Property under Section 107 of CERCLA (42 U.S.C.A. §9607). As used herein, the term “**Hazardous Material(s)**” includes, without limitation, any hazardous or toxic materials, substances or wastes, such as (1) any materials, substances or wastes which are toxic, ignitable, corrosive or reactive and which are regulated by any local governmental authority, or any agency of the United States government, (2) any other material, substance, or waste which is defined or regulated as a hazardous material, extremely hazardous material, hazardous waste or toxic substance pursuant to any laws, rules, regulations or orders of the United States government, or any local governmental body, (3) asbestos, (4) petroleum and petroleum based products, (5) formaldehyde, (6) polychlorinated biphenyls (PCBs), and (7) freon and other chlorofluorocarbons. In addition, Buyer, on behalf of itself and the other Releasors, hereby knowingly and intentionally waives any and all claims and causes of action it may have against Seller Parties with respect to COVID-19 and/or other infectious diseases so contracted by Buyer and/or Releasors or any of its employees, agents or contractors at the Property as a result of its inspection of the Property and releases Seller Parties from any and all claims, actions, causes of action, liabilities, losses, damages, costs and/or expenses resulting from or relating to it or any of its employees, agents or contractors contracting COVID-19 or any other infectious disease while present at the Property.

BUYER, ON BEHALF OF ITSELF AND THE OTHER RELEASORS, HEREBY ACKNOWLEDGES THAT IT HAS READ AND IS FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542 (“SECTION 1542”), WHICH IS SET FORTH BELOW:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

BY INITIALING BELOW, BUYER, ON BEHALF OF ITSELF AND THE OTHER RELEASORS, HEREBY WAIVES THE PROVISIONS OF SECTION 1542 SOLELY IN CONNECTION WITH THE MATTERS WHICH ARE THE SUBJECT OF THE FOREGOING WAIVERS AND RELEASES.

/s/ PMM
BUYER’S INITIALS

WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, BUYER, ON BEHALF OF ITSELF AND THE OTHER RELEASORS, HEREBY ASSUMES ALL RISK AND LIABILITY RESULTING OR ARISING FROM, OR RELATING TO THE OWNERSHIP, USE, CONDITION, LOCATION, MAINTENANCE, REPAIR, OR OPERATION OF, THE PROPERTY.

THE FOREGOING WAIVERS, RELEASES AND AGREEMENTS BY BUYER, ON BEHALF OF ITSELF AND THE RELEASORS, SHALL SURVIVE THE CLOSE OF



ESCROW AND THE RECORDATION OF THE DEED AND SHALL NOT BE DEEMED MERGED INTO THE DEED UPON ITS RECORDATION. NOTWITHSTANDING ANY PROVISION HEREOF TO THE CONTRARY, THE PROVISIONS OF THIS SECTION 12.2 SHALL NOT RELEASE SELLER FROM LIABILITY FOR ANY DAMAGES, CLAIMS, LIABILITIES OR OBLIGATIONS ARISING OUT OF OR IN CONNECTION WITH SELLER'S FRAUD OR BREACH OF (OR FAILURE TO COMPLY WITH) ANY COVENANT, REPRESENTATION OR WARRANTY OF SELLER SET FORTH IN THIS AGREEMENT OR ANY OF THE CLOSING DOCUMENTS EXECUTED BY SELLER PURSUANT TO THIS AGREEMENT.

12.3 ERISA. Buyer is not purchasing any of the Property with "plan assets" of an Employee Benefit Plan subject to Title I of the Employee Retirement Income Security Act of 1974 (as amended from time to time, the "Act," and together with any regulation, rule or judicial or administrative case, order, or pronouncement arising under or connected with the Act, "ERISA") or of a plan subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"). Buyer shall take all actions reasonably requested by Seller for the purpose of ensuring, to Seller's satisfaction, that the transactions contemplated herein will comply with ERISA and not result in an imposition of an excise tax under Section 4975 of the Code; such actions shall include, without limitation, the making of such further representations and warranties as Seller's counsel reasonably deems necessary to ensure that neither this Agreement nor any of the transactions contemplated herein will violate ERISA or result in an imposition of an excise tax under Section 4975 of the Code. In the event that this Agreement, or any transaction or other action by Seller in connection herewith, shall be deemed to violate ERISA or result in an imposition of an excise tax under Section 4975 of the Code, Seller may immediately terminate this Agreement (without any liability to Seller) in accordance with, and subject to the terms and conditions of, Section 9.3 hereof as if such termination arose from a failed condition under Section 9.3 hereof.

12.4 Intentionally Omitted.

12.5 Natural Hazard Disclosure. Buyer acknowledges that Seller has commissioned the Title Company or its affiliate to prepare a natural hazard disclosure statement for the Property (the "**Natural Hazard Disclosure**"), including the matters required by Article 1.7 of the California Civil Code (currently Section 1103 through 1103.15). Buyer acknowledges that this transaction is not subject to such Article 1.7, but that, nevertheless, the Natural Hazard Disclosure shall serve to satisfy any and all disclosure requirements relating to the matters referenced in the Natural Hazard Disclosure. Seller does not warrant or represent either the accuracy or completeness of the information in the Natural Hazard Disclosure, and Buyer shall use same merely as a part in its overall investigation of the Property.

12.6 Environmental Disclosure. Buyer acknowledges and agrees that Seller has indicated that the sole inquiry and investigation that Seller has conducted in connection with the environmental condition of the Property is to obtain the environmental report(s) made available to Buyer as part of the Property Information, and that, for all purposes, including California Health and Safety Code Section 25359.7, Seller has acted reasonably in solely relying upon said inquiry and investigation. Buyer further acknowledges and agrees that Seller's making available to Buyer any environmental report(s) as part of the Property Information shall constitute notice

to Buyer of any environmental condition disclosed therein, which shall be deemed to satisfy the notice requirements under California Health and Safety Code Section 25359.7.

12.7 Disclosure of California Civil Code Section 1101.5; Los Angeles Municipal Code Chapter XII, Section 122.03.

12.7.1 In accordance with the requirements of California Civil Code Section 1101.5(e), Seller hereby discloses the following: (1) California Civil Code Section 1101.5(a) provides as follows: “(a) On or before January 1, 2019, all noncompliant plumbing fixtures in any multifamily residential real property and in any commercial real property shall be replaced with water-conserving plumbing fixtures”; and (2) to Seller’s Actual Knowledge, as defined in Section 11.1, the Property does not have any such noncompliant plumbing fixtures.

12.7.2 In accordance with the provisions of Los Angeles Municipal Code Chapter XII, Section 122.03, Seller hereby agrees to the following: (a) Seller shall comply with the requirements of said Section 122.03, and (b) prior to the Closing Date, Seller shall execute and/or complete, and deliver or submit, to the appropriate parties, the Certificate of Compliance or Owner-Certified Notice of Compliance provided for under said Section 122.03, and such other documentation reasonably required pursuant to the provisions of said Section 122.03.

13. DEFAULT AND DAMAGES

13.1 DEFAULT BY BUYER. BUYER AND SELLER HEREBY ACKNOWLEDGE AND AGREE THAT, IN THE EVENT THE CLOSE OF ESCROW FAILS TO OCCUR DUE TO A BUYER DEFAULT (ALL OF THE CONDITIONS TO BUYER’S OBLIGATIONS TO CLOSE HAVING BEEN SATISFIED OR WAIVED), SELLER WILL SUFFER DAMAGES IN AN AMOUNT WHICH WILL, DUE TO THE SPECIAL NATURE OF THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT AND THE SPECIAL NATURE OF THE NEGOTIATIONS WHICH PRECEDED THIS AGREEMENT, BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ASCERTAIN. IN ADDITION, BUYER WISHES TO HAVE A LIMITATION PLACED UPON THE POTENTIAL LIABILITY OF BUYER TO SELLER IN THE EVENT THE CLOSE OF ESCROW FAILS TO OCCUR DUE TO A BUYER DEFAULT, AND WISHES TO INDUCE SELLER TO WAIVE OTHER REMEDIES WHICH SELLER MAY HAVE IN THE EVENT OF A BUYER DEFAULT. BUYER AND SELLER, AFTER DUE NEGOTIATION, HEREBY ACKNOWLEDGE AND AGREE THAT THE AMOUNT OF THE DEPOSIT REPRESENTS A REASONABLE ESTIMATE OF THE DAMAGES WHICH SELLER WILL SUSTAIN IN THE EVENT OF SUCH BUYER DEFAULT. BUYER AND SELLER HEREBY AGREE THAT SELLER MAY, IN THE EVENT THE CLOSE OF ESCROW FAILS TO OCCUR DUE TO A BUYER DEFAULT, TERMINATE THIS AGREEMENT BY WRITTEN NOTICE TO BUYER AND ESCROW HOLDER, CANCEL THE ESCROW AND RECEIVE (OR RETAIN, IF SELLER ALREADY HOLDS THE DEPOSIT) THE DEPOSIT AS LIQUIDATED DAMAGES AND ESCROW HOLDER SHALL IMMEDIATELY DELIVER (UNLESS IT HAS ALREADY DONE SO) THE DEPOSIT TO SELLER. SUCH RETENTION OF THE DEPOSIT BY SELLER IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTIONS 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE, AND SHALL NOT BE DEEMED TO CONSTITUTE A FORFEITURE OR PENALTY

WITHIN THE MEANING OF SECTION 3275 OR SECTION 3369 OF THE CALIFORNIA CIVIL CODE, OR ANY SIMILAR PROVISION.

NOTHING IN THIS SECTION 13.1 SHALL (A) PREVENT OR PRECLUDE ANY RECOVERY OF ATTORNEYS' FEES OR OTHER COSTS INCURRED BY SELLER PURSUANT TO SECTION 15.5 OR (B) IMPAIR OR LIMIT THE EFFECTIVENESS OR ENFORCEABILITY OF THE INDEMNIFICATION OBLIGATIONS OF BUYER CONTAINED IN SECTION 4.3.1 AND SECTION 14 HEREOF. SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION 13.1 AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

Seller's Initials: /s/ CJS

Buyer's Initials: /s/ PMM

13.2 Default by Seller. If Seller defaults in its obligations to sell and convey the Property to Buyer pursuant to this Agreement, Buyer's sole and exclusive remedy shall be to elect one of the following: (a) to terminate this Agreement, in which event Buyer shall be entitled to the return by the Escrow Holder to Buyer of the Deposit and reimbursement of its actual out-of-pocket expenses incurred in connection with this Agreement up to Two Hundred Fifty Thousand Dollars (\$250,000), or (b) to bring a suit for specific performance provided that any suit for specific performance must be brought as to the Property within 30 days after the date the Close of Escrow was to have occurred, Buyer's waiving the right to bring suit at any later date to the extent permitted by law. This Agreement confers no present right, title or interest in the Property to Buyer and Buyer agrees not to file a lis pendens or other similar notice against the Real Property except in connection with, and after, the proper filing of a suit for specific performance.

14. BROKER'S COMMISSIONS

Except for Newmark Knight Frank, Seller's broker (whose commission shall be paid by Seller pursuant to a separate agreement between Seller and Seller's broker), neither party hereto has had any contact or dealing regarding the Real Property, or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who can claim a right to a commission or finder's fee as a procuring cause of the sale contemplated herein. In the event that any other broker or finder perfects a claim for a commission or finder's fee, the party responsible for the contact or communication on which the broker or finder perfected such claim shall indemnify, save harmless and defend the other party from said claim and all costs and expenses (including reasonable attorneys' fees) incurred by the other party in defending against the same.

15. MISCELLANEOUS PROVISIONS

15.1 Notices. All written notices or demands of any kind which either party hereto may be required or may desire to serve on the other in connection with this Agreement shall be served by personal service, by registered or certified mail, recognized overnight courier service or email transmission. Any such notice or demand so to be served by registered or certified mail, recognized overnight courier service or email transmission shall be delivered with all applicable delivery charges thereon fully prepaid and, if the party so to be served be Buyer, addressed to Buyer as follows:

Harbor Associates, LLC
200 Pine Avenue, Suite 502
Long Beach, CA 90802
Attention: Paul Miskowicz
Telephone No: (562) 436-4222
Email: paul@harborassociates.com

with a copy thereof to:

Ervin Cohen & Jessup LLP
9401 Wilshire Boulevard, 9th Floor
Beverly Hills, California 90212
Attention: Albert C. Valencia, Esq.
Telephone No: (310) 281-6316
Email: avalencia@ecjlaw.com

and, if the party so to be served be Seller, addressed to Seller as follows:

c/o KBS Capital Advisors LLC
800 Newport Center Drive, Suite 700
Newport Beach, CA 92660
Attention: Tim Helgeson
Telephone No: (949) 797-0356
Email: thelgeson@kbs.com

with copies thereof to:

James Chiboucas, Esq.
800 Newport Center Drive, Suite 700
Newport Beach, CA 92660
Telephone No.: (949) 417-6555
Email: jchiboucas@kbs.com

and

Greenberg Traurig
18565 Jamboree Road, Suite 500
Irvine, California 92612

Attention: L. Bruce Fischer, Esq.
Telephone No.: (949) 732-6670
Email: fischerb@gtlaw.com

and, if the party to be served be Escrow Holder, addressed to Escrow Holder as follows:

Commonwealth Land Title Insurance Company
4100 Newport Place Drive, Suite 120
Newport Beach, California 92660
Attention: Karen Price
Telephone No.: (949) 724-3144
Email: karen.price@cltic.com

Service of any such notice or demand so made by personal delivery, registered or certified mail or recognized overnight courier shall be deemed complete on the date of actual delivery as shown by the addressee's registry or certification receipt or, as to email transmissions, upon confirmation of transmission generated by the sender's machine (provided that a copy of such notice or demand is delivered by any of the other methods provided above within one (1) business day following delivery of such email transmission), as applicable, or at the expiration of the third (3rd) business day after the date of dispatch, whichever is earlier in time. Either party hereto may from time to time, by notice in writing served upon the other as aforesaid, designate a different mailing address to which or a different person to whose attention all such notices or demands are thereafter to be addressed. Counsel for a party may give notice or demand on behalf of such party, and such notice or demand shall be treated as being sent by such party. Notwithstanding any of the foregoing to the contrary, for so long as the COVID-19 pandemic continues and any of the addressees is subject to governmental regulations or recommendations such as "stay at home" or similar actions restricting or limiting access to their place of work, no notice shall be effective unless also provided to the email addresses listed or referenced above.

15.2 Assignment; Binding on Successors and Assigns. Buyer shall not assign, transfer or convey its rights or obligations under this Agreement or with respect to the Property without the prior written consent of Seller, which consent Seller may withhold in its sole, absolute and subjective discretion, provided, however, Buyer may assign its rights under this Agreement without Seller's consent to a single entity Affiliate (as hereinafter defined), so long as (i) Buyer provides Seller with notice of such assignment at least five (5) business days before the Closing Date of its intentions to assign its rights under this Agreement to the Affiliate, which notice must be accompanied by the name of such assignee and such assignee's signature block, (ii) the Affiliate assumes, jointly and severally, in writing Buyer's obligations hereunder and the Affiliate agrees in writing to be subject to all of the terms and conditions set forth in this Agreement pursuant to an assignment and assumption agreement substantially in the form attached hereto as Exhibit J and made a part hereof (the "**Assignment and Assumption Agreement**"), (iii) Buyer shall not be released from its obligations hereunder; and (iv) the assignee to which Buyer is assigning this Agreement is able to make the representation and warranty in Section 12.1(b) herein without violating the same. As used in this Section 15.2, the term "**Affiliate**" means (a) an entity (which may not consist of more than one entity) that directly or indirectly controls, is controlled by or is under common control with the Buyer, (b) any fund or entity sponsored by Buyer, (c) an entity (which may not consist of more than one entity) at

least a majority of whose economic interest is owned by Buyer, or (d) an entity in which Buyer, directly or indirectly through one or more subsidiaries has day-to-day control and an ownership interest; and the term “**control**” means the power to direct the management of such entity through voting rights, ownership or contractual obligations. Any attempted assignment in violation of the provisions of this Section 15.2 shall be void and Buyer shall be deemed in default hereunder. Any permitted assignments shall not relieve the assigning party from its liability under this Agreement. Subject to the foregoing, and except as provided to the contrary herein, the terms, covenants, conditions and warranties contained herein and the powers granted hereby shall inure to the benefit of and bind all parties hereto and their respective heirs, executors, administrators, successors and assigns, and all subsequent owners of the Property.

15.3 Work Product. Effective upon, and in the event of a termination of this Agreement for any reason other than a default by Seller, Buyer shall deliver to Seller all reports generated by Buyer’s third party consultants in connection with Buyer’s inspections performed pursuant to the terms of this Agreement and relating to the physical condition of the Property, whether prior to the Opening of Escrow or during the period of Escrow (collectively, the “**Work Product**”), without warranty or representation and subject to any agreements with such third party consultants. In such event, Buyer, to the extent in Buyer’s possession or control, shall deliver the Work Product not later than ten (10) days after the date of the termination of this Agreement and Seller’s reimbursement of Buyer’s actual third party out-of-pocket costs thereof. Buyer shall also return all materials and information (including, without limitation, the Property Information) given to it by Seller or its consultants in the same condition as delivered to Buyer.

15.4 Further Assurances. In addition to the acts and deeds recited herein and contemplated to be performed, executed or delivered by Seller or Buyer, Seller and Buyer hereby agree to perform, execute and deliver, or cause to be performed, executed and delivered, on the Closing Date or thereafter any and all such further acts, deeds and assurances as Buyer or Seller, as the case may be, may reasonably require in order to consummate fully the transactions contemplated hereunder.

15.5 Attorneys’ Fees. If any legal action or any arbitration or other proceeding is brought or if an attorney is retained for the enforcement of this Agreement or any portion thereof, or because of any alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to recover from the other reimbursement for the reasonable fees of attorneys and other costs (including court costs and witness fees) incurred by it, in addition to any other relief to which it may be entitled. The term “prevailing party” means the party obtaining substantially the relief sought, whether by compromise, settlement or judgment.

15.6 Survival of Representations, Warranties, Covenants, Obligations and Agreements.

(a) Except as otherwise expressly provided below in this Section 15.6, none of the representations, warranties, covenants, obligations or agreements contained in this Agreement shall survive the Close of Escrow or the earlier termination of this Agreement.

(b) Notwithstanding the provisions of Section 15.6(a), the indemnification provisions of Buyer under Sections 4.3.1 and 14 hereof and the provisions of Sections 4.6, 11.2, 13.2, 15.3, 15.5, 15.17, 15.19 and 15.20 hereof (collectively, the “**Surviving Termination Obligations**”) shall survive the termination of this Agreement without limitation, and any claim based upon any breach of a representation or warranty, or a breach of a covenant, obligation or agreement included in any of the Surviving Termination Obligations shall be actionable and enforceable at any time after the date of the termination of this Agreement.

(c) Notwithstanding the provisions of Section 15.6(a), the indemnification provisions of Buyer under Sections 4.3.1, 14 and 10.5 hereof, the provisions of Sections 4.6, 10.1, 10.3, 10.4, 10.8, 10.9, 11.2, 12.2, and 12.3 that relate to Buyer and the provisions of Sections 15.4, 15.5, 15.17, 15.19 and 15.20 hereof (collectively, the “**Surviving Closing Obligations**”) shall survive the Close of Escrow without limitation, and shall not be merged with the recording of the Deed, and any claim based upon any breach of a representation or warranty, or a breach of a covenant, obligation or agreement included in any of the Surviving Closing Obligations shall be actionable and enforceable at any time after the Closing.

(d) Notwithstanding the provisions of Section 15.6(a), the indemnification provisions of Seller under Section 14 hereof and the provisions of Section 11.1 and 12.1 hereof (collectively, the “**Limited Surviving Closing Obligations**”) shall survive the Close of Escrow and the execution and delivery of the Deed until February 28, 2023, and any claim based upon any breach of a representation or warranty, or a breach of a covenant, obligation or agreement included in any of the Limited Surviving Closing Obligations shall be actionable and enforceable if and only if notice of such claim is given to the party which allegedly breached such representation or warranty, or breached such covenant, obligation or agreement, on or before February 28, 2023. Notwithstanding anything stated to the contrary in this Agreement, in no event shall Seller’s liability, if any, with respect to any Limited Surviving Closing Obligations and/or any Surviving Closing Obligations exceed One and One Half Percent (1.5%) of the Purchase Price in the aggregate.

15.7 Entire Agreement. This Agreement contains the entire agreement and understanding of the parties in respect to the subject matter hereof, and the parties intend for the literal words of this Agreement to govern and for all prior negotiations, drafts, and other extrinsic communications, whether oral or written, to have no significance or evidentiary effect. The parties further intend that neither this Agreement nor any of its provisions may be changed, amended, discharged, waived or otherwise modified orally except only by an instrument in writing duly executed by the party to be bound thereby. The parties hereto fully understand and acknowledge the importance of the foregoing sentence and are aware that the law may permit subsequent oral modification of a contract notwithstanding contract language which requires that any such modification be in writing, but Buyer and Seller fully and expressly intend that the foregoing requirements as to a writing be strictly adhered to and strictly interpreted and enforced by any court which may be asked to decide the question. Each party hereto acknowledges that this Agreement accurately reflects the agreements and understandings of the parties hereto with respect to the subject matter hereof and hereby waive any claim against the other party which such party may now have or may hereafter acquire to the effect that the actual agreements and understandings of the parties hereto with respect to the subject matter hereof may not be accurately set forth in this Agreement.

15.8 Governing Law. This Agreement shall be governed by the laws of the State of California.

15.9 Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

15.10 Headings; Construction. The various headings of this Agreement are included for convenience only and shall not affect the meaning or interpretation of this Agreement or any provision hereof. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural and the masculine shall include the feminine and the neuter and vice versa. The use in this Agreement of the term “including” and related terms such as “include” shall in all cases mean “without limitation.” All references to “days” in this Agreement shall be construed to mean calendar days unless otherwise expressly provided and all references to “business days” shall be construed to mean days on which national banks are open for business.

15.11 Time of Essence. Seller and Buyer hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation and provision hereof and failure to perform timely any of the terms, conditions, obligations or provisions hereof by either party shall constitute a material breach of, and non-curable (but waivable) default under this Agreement by the parties so failing to perform.

15.12 Partial Validity; Severability. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be held invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

15.13 No Third Party Beneficiaries. This Agreement is for the sole and exclusive benefit of the parties hereto and their respective permitted successors and assigns, and no third party is intended to, or shall have, any rights hereunder.

15.14 Waiver of CC Section 1662. Seller and Buyer each expressly waive the provisions of California Civil Code Section 1662 and hereby agree that the provisions of Section 5.4 hereof shall govern their obligations in the event of damage or destruction to the Real Property or condemnation of all or part of the Real Property.

15.15 Joint Product of Parties. This Agreement is the result of arms-length negotiations between Seller and Buyer and their respective attorneys. Accordingly, neither party shall be deemed to be the author of this Agreement and this Agreement shall not be construed against either party.

15.16 Calculation of Time Periods. Unless otherwise specified, in computing any period of time described herein, the day of the act or event after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included at, unless such last day is a Saturday, Sunday or legal holiday for national banks in

California, in which event the period shall run until the end of the next day which is neither a Saturday, Sunday, or legal holiday. Unless otherwise expressly provided herein, the last day of any period of time described herein shall be deemed to end at 5:00 p.m. (California time).

15.17 Procedure for Indemnity. The following provisions govern actions for indemnity under this Agreement. Promptly after receipt by an indemnitee of notice of any claim, such indemnitee will, if a claim in respect thereof is to be made against the indemnitor, deliver to the indemnitor written notice thereof and the indemnitor shall have the right to participate in and, if the indemnitor agrees in writing that it will be responsible for any costs, expenses, judgments, damages, and losses incurred by the indemnitee with respect to such claim, to assume the defense thereof, with counsel mutually satisfactory to the parties; provided, however, that an indemnitee shall have the right to retain its own counsel, with the fees and expenses to be paid by the indemnitor, if the indemnitee reasonably believes that representation of such indemnitee by the counsel retained by the indemnitor would be inappropriate due to actual or potential differing interests between such indemnitee and any other party represented by such counsel in such proceeding. The failure of indemnitee to deliver written notice to the indemnitor within a reasonable time after indemnitee receives notice of any such claim shall relieve such indemnitor of any liability to the indemnitee under this indemnity only if and to the extent that such failure is prejudicial to its ability to defend such action, and the omission so to deliver written notice to the indemnitor will not relieve it of any liability that it may have to any indemnitee other than under this indemnity. If an indemnitee settles a claim without the prior written consent of the indemnitor, then the indemnitor shall be released from liability with respect to such claim unless the indemnitor has unreasonably withheld such consent.

15.18 Waiver of Jury Trial. To the extent permitted by applicable law, the parties hereby waive any right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

15.19 No Personal Liability. Notwithstanding anything stated to the contrary herein, (i) prior to the Close of Escrow, Seller's liability under this Agreement shall be limited to Seller's interest in the Property, and (ii) in no event and under no circumstances shall Seller's or Buyer's constituent partners and/or members, asset manager, or their directors, employees or agents have any personal liability hereunder.

15.20 Joint and Several Liability. If Buyer is composed of more than one individual or entity, all obligations and liabilities of Buyer under this Agreement shall be joint and several as to each of the individuals or entities who compose Buyer.

15.21 Additional Closing Procedures.

(a) **Closing Deliveries.** Notwithstanding anything to the contrary contained in this Agreement, Seller and Buyer agree that, upon the occurrence of a Postponing Event (as defined below) delivery of PDF signatures of executed Closing documents delivered via email to Buyer, Seller and/or Escrow Holder (and counsel to Buyer and Seller), as applicable, will be deemed duly delivered in accordance with the terms of this Agreement, other than the Deed.

(b) **Gap Closing.** Seller and Buyer acknowledge and agree that the Close of Escrow shall be effectuated through a “gap” or “New York style” closing, which means that the Close of Escrow may occur without the concurrent or prior recordation of the Deed, so long as the Title Company has issued, or irrevocably committed to issue, the Title Policy in accordance with the terms and conditions of this Agreement, and agree to provide such documents required by Escrow Holder to effectuate same.

(c) **Postponing Event.** Notwithstanding anything stated to the contrary in this Agreement, to the extent a Postponing Event has occurred on a Key Performance Date or the business day immediately prior to a Key Performance Date, such Key Performance Date shall automatically be extended until the date that is two (2) business days following a Postponing Event Cure and delivery of written notice by either Buyer or Seller to the other of such Postponing Event Cure. Further, and notwithstanding anything to the contrary contained herein, in the event the Postponing Event (a) results in the then scheduled Closing Date being extended beyond August 10, 2022, either party shall have the right to terminate this Agreement by notifying the other of such election prior to the completion of a Postponing Event Cure. Upon a termination of this Agreement as set forth in this Section 15.21, Escrow Holder shall disburse the Deposit to Buyer, and, upon such disbursement, this Agreement shall be null and void and of no further force or effect and neither party shall have any rights or obligations against or to the other except for those provisions hereof which by their terms expressly survive the termination of this Agreement.

For purposes hereof, the terms below shall have the following definitions:

“**Postponing Event**” shall mean an event, development, condition or state of facts that: (a) prevents Federal Express and the United Parcel Service from being able to pick up packages from, or deliver packages to, Buyer, Seller, Escrow Holder or the applicable legal counsel of any of the foregoing, or (b) results in the closure of the Escrow Holder’s or Title Company’s offices; provided that it shall not be a Postponing Event if a replacement escrow agent within the same national title insurance company agrees to act as escrow agent pursuant to the terms of the Purchase Agreement at no additional cost or liability to either party, or (c) the closing of the local recording office or the inability of the local recording office to record, and, in either case, the Title Company is unable or unwilling to issue the Title Policy under Section 4.2.3 of this Agreement.

“**Postponing Event Cure**” shall mean with respect to any Postponing Event (i) described in clause (a) of the definition thereof, the resumption of pick-up and overnight deliveries by any nationally recognized overnight courier, (ii) described in clause (b) of the definition thereof, the reopening of the Escrow Agent’s and Title Company’s offices, or (iii) described in clause (c) of the definition thereof, the reopening of such local recording office.

“**Key Performance Date**” shall mean, (x) with respect to clause (a) of the definition of “Postponing Event”, the Closing Date or the business day prior to the Closing Date, and (y) with respect to all other clauses of the definition of “Postponing Events”, the Closing Date.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

[Signatures on following pages]

“BUYER”

HARBOR ASSOCIATES, LLC,
a Delaware limited liability company

Harbor Associates Ventures, LLC,
a Delaware limited liability company,
its Administrative Member

By: /s/Paul Miskowicz
Name: Paul Miskowicz
Title: Authorized Signatory

S-1

“SELLER”

KBSII 445 SOUTH FIGUEROA, LLC,
a Delaware limited liability company

By: KBSII REIT ACQUISITION XV, LLC,
a Delaware limited liability company,
its sole member

By: KBS REIT PROPERTIES II, LLC,
a Delaware limited liability company,
its sole member

By: KBS LIMITED PARTNERSHIP II,
a Delaware limited partnership,
its sole member

By: KBS REAL ESTATE INVESTMENT TRUST II, INC.,
a Maryland corporation,
its general partner

By: /s/ Charles J. Schreiber
Charles J. Schreiber, Jr.,
Chief Executive Officer

AGREED TO THIS 18TH
DAY OF MAY, 2022,
AS TO PROVISIONS RELATING TO
ESCROW HOLDER:

COMMONWEALTH LAND TITLE
INSURANCE COMPANY

By /s/ Karen Price
Its AVP, National Commercial Escrow Officer

S-3

LIST OF EXHIBITS AND SCHEDULES

<u>EXHIBIT A</u>	_____	Description of Real Property
<u>EXHIBIT B</u>	_____	Description of Personal Property
<u>EXHIBIT C</u>	_____	List of Contracts
<u>EXHIBIT D</u>	_____	Form of Tenant Estoppel Certificate
<u>EXHIBIT E</u>	_____	Form of Deed
<u>EXHIBIT F</u>	_____	Form of Assignment of Leases, Contracts and Bill of Sale
<u>EXHIBIT G</u>	_____	Form of FIRPTA Affidavit
<u>EXHIBIT H</u>	_____	Form of Owner's Affidavit
<u>EXHIBIT I</u>	_____	Form of Tenant Notice
<u>EXHIBIT J</u>	_____	Form of Assignment and Assumption of Purchase Agreement
<u>SCHEDULE 1-1</u>	_____	Description of New and Pending Lease Transactions (Buyer's Responsibility)
<u>SCHEDULE 1-2</u>	_____	Description of New and Pending Lease Transactions (Seller's Responsibility)
<u>SCHEDULE 2</u>	_____	Natural Hazard Disclosure Statement
<u>SCHEDULE 3</u>	_____	Ongoing Work
<u>SCHEDULE 4</u>	_____	Disclosures

EXHIBIT A

Description of Real Property

ALL THAT CERTAIN REAL PROPERTY SITUATED IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

PARCEL 1:

LOT 1 OF TRACT NO. 28794, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 738, PAGE 82](#) AND 83 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT FROM SAID LOT 1, THAT PORTION SHOWN ON SAID MAP AND DESIGNATED "FUTURE STREET".

ALSO EXCEPTING THEREFROM ALL OIL, GAS, AND MINERAL SUBSTANCES TOGETHER WITH THE RIGHT TO EXTRACT SUCH SUBSTANCES PROVIDED THAT THE SURFACE OPENING OF ANY WELL HOLE, SHAFT OR OTHER MEANS OF REACHING FOR REMOVING SUCH SUBSTANCES SHALL NOT BE LOCATED WITHIN THE BUNKER HILL URBAN RENEWAL PROJECT AREA, AS RECORDED ON AUGUST 8, 1959 AS INSTRUMENT NO. 2893, IN [BOOK M335, PAGE 106](#) OFFICIAL RECORDS, AND SHALL NOT PENETRATE ANY PART OR PORTION OF SAID PROJECT AREA WITHIN 500 FEET OF THE SURFACE THEREOF AS RESERVED IN THE FOLLOWING DEEDS.

DECEMBER 10, 1962 IN [BOOK D1849, PAGE 352](#) OF OFFICIAL RECORDS, AS TO A PORTION; APRIL 20, 1962 IN [BOOK D1587, PAGE 576](#) OF OFFICIAL RECORDS, AS TO A PORTION; APRIL 20, 1962 IN BOOK D1587, PAGE 578 OF OFFICIAL RECORDS, AS TO A PORTION; JUNE 15, 1962 IN [BOOK D1650, PAGE 756](#) OF OFFICIAL RECORDS, AS TO A PORTION; MAY 25, 1962 IN [BOOK D1627, PAGE 55](#) OF OFFICIAL RECORDS, AS TO A PORTION; NOVEMBER 10, 1961 IN [BOOK D1416, PAGE 668](#) OFFICIAL RECORDS, AS TO A PORTION; DECEMBER 4, 1961 IN [BOOK D1438, PAGE 542](#) OF OFFICIAL RECORDS, AS TO A PORTION.

SAID LAND IS SHOWN ON A RECORD OF SURVEY RECORDED AUGUST 13, 2001 IN [BOOK 177, PAGE 2](#) OF RECORD OF SURVEYS, IN THE OFFICIAL RECORDS OF SAID COUNTY.

PARCEL 2:

AN EASEMENT FOR INGRESS AND EGRESS OVER THOSE PORTIONS OF LOT 1 OF TRACT NO. 28794, IN THE CITY OF LOS ANGELES, COUNTY OF LOST ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN [BOOK 738, PAGE 82](#) AND 83 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESIGNATED ON THE MAP OF SAID TRACT AS "FUTURE STREET".

[Assessor's Parcel Number: 5151-020-006](#)

EXHIBIT B

Description of Personal Property

Union Bank
Personal Property

5/4/2022

Location	Item	
Parking	2 Office Computers	
Parking	1 Printer	
Parking	1 Server for Parking Equipment	
Parking	1 Validator	
Parking	1 Portable Credit Card Machine	
Parking	6 Motorola Radios	
Parking	2 Desk Chairs	
Parking	1 Valet computer at Podium	
Parking	2 Stools for valet	
Security	4 Console computers	
Security	4 Office computers	
Security	5 Desk chairs	
Security	1 Elevator chair	
Security	2 Lenovo tablets	
Security	2 iPad tablets	
Security	1 Printer	
Security	1 Card printer	
Security	1 Shredder	
Security	1 Laminator	
Security	24 Umbrellas	
Security	17 Rope Stanchion	
Security	18 Barricades	
Security	10 Fence Sections	
Security	10 Hytera radios	
Security	10 Motorola radios	
Security	1 SL750 radio	
BMO	Conference Table	1
BMO	Chairs	27
BMO	Plant Stand	1
BMO	Plants	2
BMO	Picture Frames	2
BMO	Desk Setups	5
BMO	Filing Cabinets	5
BMO	Bookcases	3
BMO	Trash Cans	8
BMO	Recycle Bins	3
BMO	Water Filter	1
BMO	Microwave	1

Engineering	2 Xerox printers
Engineering	2 unusable windows 7 laptops
Engineering	1 Ipad – m# ME993LL/A s#DPM6US4F4YD
Engineering	8 office chairs
Engineering	2 office desks
Engineering	6 Motorola radios
Engineering	6 Hytera radios
Engineering	3 Polycom phones
Engineering	BRADY S3100 label printer
Engineering	Brother P-touch Machine
Janitorial	1 – Hytera Radio
Janitorial	6 – Motorola Radios
Janitorial	1 – Motorola SL7550e
Janitorial	1 – Dell Computer Monitor
Janitorial	1 – Desk Chair
Janitorial	2 – office chairs
Janitorial	1 – Mini Refrigerator
Janitorial	1 – Polycom Telephone
Janitorial	1 – Printer
Janitorial	1 – Lenovo Laptop Serial #PC-05K5R4
Janitorial	1 – Protexus Cordless Backpack Sprayer
Janitorial	1 – 17'Floor Machine
Janitorial	1 – High Speed Burnisher
Janitorial	2 – Wet vacuum
Janitorial	2 – Carpet Extractor
Janitorial	2 – Walk Behind Auto Scrubber
Janitorial	1 – Gas Powered Blower
Janitorial	1 – Battery Powered Blower
Janitorial	1 – Cordless Porter Vacuum
Janitorial	2 – Pro Team HEPA upright Vacuum
Janitorial	2 – Floor Fans
Janitorial	2 – Pressure Washer
Janitorial	12 – Trash/Recycle Barrels
Janitorial	2 – Restroom Carts
Janitorial	8 – upright vacuums
Janitorial	1 – Backpack vacuum
Janitorial	8 – mop buckets
Janitorial	1 – Window Washing kit
Janitorial	1 – Escalator Cleaning kit

Owned by Vendor

NOTE; All computers are building owned except as noted above.

EXHIBIT C

List of Contracts

Vendor	Description
Allied Universal	Security
ABM Janitorial	Janitorial Services
ABM Onsite	Engineering Services
Ampco/ABM	Parking Services
Cityscape	Landscape Services
ADT (Red Hawk)	FLS Service
DC Environmental	Trash Services
Isotech	Pest Control Services
Siemens	Building Automation System
Soft Point Media	IT- Internet, Phone and Voice
Schindler (BOCA)	Elevator/Escalator
Canon	Office Copier Lease
Cushman & Wakefield	PMA
Cushman & Wakefield	Leasing Services
Centrio	Heated Water Side Letter Agreement
Centrio	Chilled Water Service
MPM	Window Washing Services
Sky Tech	Annual Certification

EXHIBIT D

Form of Tenant Estoppel Certificate

(Attached)

D-1

TENANT ESTOPPEL CERTIFICATE

The undersigned, _____ (“**Tenant**”) hereby certifies to _____, a _____ (“**Landlord**”), and Harbor Associates, LLC, a Delaware limited liability company, and its successors and assigns (collectively, “**Buyer**”), as of the date of this estoppel certificate (“**Estoppel Certificate**”) as follows:

1. Tenant is the Lessee under that certain Lease dated _____ relating to _____ (the “**Premises**”), together with any amendments thereto (collectively, the “**Lease**”).
2. The dates of all amendments to the Lease are as follows:
3. There are no other agreements, oral or in writing, between Landlord and Tenant with respect to the Premises excepted as identified above.
4. The Lease is in full force and effect on the date hereof. The term of the Lease commenced on _____, _____, and the termination date of the present term of the Lease, excluding renewals, is _____, 20____. There are no options remaining unexercised on the part of Tenant to renew the present term of the Lease, except as set forth in the Lease.
5. Tenant has accepted possession of the Premises and, to Tenant’s actual knowledge, any improvements required by the terms of the Lease to be made by Landlord thereunder have been completed to the satisfaction of Tenant, except for _____. To Tenant’s actual knowledge, all amounts to be paid by Landlord to Tenant for work performed by Tenant pursuant to any tenant improvement allowance have been paid in full, except for _____.
6. To Tenant’s knowledge, there are no uncured defaults on the part of Landlord under the Lease. To Tenant’s knowledge, no event has occurred and no condition exists which, with the giving of notice or the lapse of time, or both, will constitute a default on the part of Landlord under the Lease.
7. To Tenant’s knowledge, Tenant has not received written notice from Landlord of any uncured defaults on the part of Tenant under the Lease.
8. There has not been and is now no subletting of the Premises, or any part thereof, or any assignment, hypothecation or pledge by Tenant of the Lease, or any rights therein, to any party, except for _____.
9. Fixed or base rent payable by Tenant presently is \$ _____ per month and has been paid through _____; no such rent has been paid more than 30 days in advance of its due date; and Tenant is not more than 30 days in arrears on any rental payment. Tenant’s security deposit currently being held by Landlord is \$ _____ in the form of [cash][letter of credit].

10. Additional rent payable by Tenant currently is \$_____ per month and has been paid through _____; no such additional rent has been paid more than 30 days in advance of its due date; and Tenant is not more than 30 days in arrears on any such additional rental payment. Tenant's pro rata share of operating expenses, real estate taxes and other pass-through charges is _____% [IF APPLICABLE][and, if applicable, the base year under the Lease for operating expenses, real estate taxes and other pass-through charges is _____].

11. Tenant is not currently disputing any statements of rent or other charges due by Tenant under the Lease or any other of Tenant's obligations under the Lease, except as follows: _____.

12. To Tenant's knowledge, there are no unpaid or unrealized concessions, bonuses, free rental periods, rebates, advance rental payments, or other matters affecting the rental payable by Tenant under the Lease, except as follows: _____.

13. Tenant has no right of first refusal, option or other right to purchase the Premises or the Property.

14. Tenant has no right to lease additional space in the Property, except as set forth in the Lease; Tenant does not have any right to unilaterally cancel the Lease, except as set forth in the Lease; and Tenant does not have any unexercised relocation or expansion options, except as set forth in the Lease.

15. The party executing this Estoppel Certificate on behalf of Tenant represents that he/she has been authorized to do so on behalf of Tenant.

The undersigned has executed this Estoppel Certificate with the knowledge and understanding that Buyer, or its assignee, is acquiring an interest in the Property in reliance on this Estoppel Certificate. The statements contained herein may be relied upon by Landlord, Buyer, Buyer's lender and its participants, any rating agency or trustee involved in a securitization of one or more loans made by a Lender, and any servicer of any such loan (collectively, the "**Reliance Parties**"), and said certifications shall inure to the benefit of the Reliance Parties.

Dated: _____, 20__

"TENANT"

By: __

(Print Name) (Title)

EXHIBIT E

Form of Deed

(Attached)

E-1

RECORDING REQUESTED BY:
WHEN RECORDED MAIL TO:

[]

MAIL TAX STATEMENTS TO:

[]

(Space Above Line For Recorder's Use Only)

APN: _____

THE UNDERSIGNED GRANTOR DECLARES: DOCUMENTARY TRANSFER TAX IS \$ _____, CITY TAX IS \$ _____

_____ Computed on full value of property conveyed, or

_____ Computed on full value less liens and encumbrances remaining at time of sale.

_____ Unincorporated area _____ City of _____

GRANT DEED

W I T N E S S E T H:

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, _____, a _____ (hereinafter "**Grantor**"), whose address is 800 Newport Center Drive, Suite 700, Newport Beach, CA 92660, Attn: _____, hereby grants, sells and conveys onto to _____, a _____ (hereinafter "**Grantee**"), whose address is _____, Attn: _____, the lots, tracts, or parcels of land or real property lying, being, and situated in the City of Los Angeles, County of Los Angeles, State of California, more particularly described in Exhibit A attached hereto and incorporated herein by reference, together with all improvements thereon and fixtures affixed thereto and all privileges, easements, tenements and appurtenances thereon or in any way appertaining to such real property (collectively, the "**Property**").

THE PROPERTY IS CONVEYED TO GRANTEE SUBJECT TO: (a) all liens, encumbrances, easements, covenants, conditions, and restrictions of record; (b) all interests of tenants in possession of the Property; (c) all matters that would be revealed or disclosed in an accurate survey of the Property; (d) a lien not yet delinquent for taxes, and any non-delinquent general or

special assessments against the Property; (e) zoning ordinances and regulations and any other laws, ordinances, or governmental regulations restricting or regulating the use, occupancy, or enjoyment of the Property; and (f) any exception for liens (and/or potential liens) for services, labor or materials heretofore or hereafter furnished to the Property for which Grantee received a credit from the Grantor, for which Grantee is expressly responsible for payment pursuant to any agreement entered into by and between Grantor and Grantee, and/or which arises from any services, labor or materials contracted for by any tenant at the Property and with respect to which any such tenant is responsible for payment under the terms of its lease.

TO HAVE AND TO HOLD the Property with all rights, privileges, appurtenances, and immunities thereto belonging or in any way appertaining unto the said Grantee and unto Grantee's heirs, successors, and assigns forever.

IN WITNESS WHEREOF, the undersigned has executed this Grant Deed as of _____, 20__.

—
a__

—

ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness,

State of California
County of __)

On __ before me, ____

(insert name and title of the officer)

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

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

WITNESS my hand and official seal.

Signature _____ (Seal)

EXHIBIT A
LEGAL DESCRIPTION
[ATTACHED]

E-5

EXHIBIT F

Form of Assignment of Leases and
Contracts and
Bill of Sale

(Attached)

F-1

ASSIGNMENT OF LEASES AND CONTRACTS AND BILL OF SALE

This Assignment of Leases and Contracts and Bill of Sale (this “**Assignment**”) is executed and delivered as of the ____ day of _____, 20__ (the “**Closing Date**”) pursuant to that certain Purchase and Sale Agreement and Escrow Instructions (“**Agreement**”) dated _____, 20__, by and between _____, a _____ (“**Seller**”), and _____, a _____ (“**Buyer**”), covering the real property described in Exhibit A attached hereto (“**Property**”).

1. **Sale of Personalty.** For good and valuable consideration, Seller hereby sells, transfers, sets over and conveys to Buyer the following (the “**Personal Property**”):

(a) **Tangible Personalty.** All of Seller’s right, title and interest, if any, in and to all the furniture, fixtures, equipment, and other tangible personal property listed on Exhibit B attached hereto or otherwise located in or on the Property to the extent owned by Seller; and

(b) **Intangible Personalty.** All the right, title and interest of Seller, if any, in and to assignable licenses and permits relating to the operation of the Property, assignable guaranties and warranties from any contractor, manufacturer or other person in connection with the construction or operation of the Property, and the right to use the name of the Property (if any), but specifically excluding any right, title or interest of Seller in any trademarks, service marks and trade names of Seller (including, without limitation, the name “KBS” or any derivative thereof, or any name that includes the word “KBS” or any derivative thereof) and with reservation by Seller to use such name in connection with other property owned by Seller in the vicinity of the Property.

2. **Assignment of Leases and Contracts.** For good and valuable consideration, Seller hereby assigns, transfers, sets over and conveys to Buyer, and Buyer hereby accepts the following:

(a) **Leases.** All of the Seller’s right, title and interest in and to all tenant leases relating to the Property, including, without limitation, the tenant leases listed in Exhibit C-1 and Exhibit C-2 attached hereto (“**Leases**”);

(b) **Contracts and Agreements.** Seller’s right, title and interest in and to the contracts and agreements described in Exhibit D-1 and Exhibit D-2 attached hereto (the “**Contracts**”).

3. **Assumption.** Buyer hereby assumes the obligations of Seller under (a) the Leases listed on Exhibit C-1 attached hereto arising from and after the Closing Date, (b) the Leases listed on Exhibit C-2 attached hereto whether arising before or after the Closing Date, (c) the Contracts listed on Exhibit D-1 attached hereto arising from and after the Closing Date, (d) the Contracts listed on Exhibit D-2 attached hereto arising before or after the Closing Date, and (e) that certain leasing agreement dated _____, entered into by and between Seller and _____, but only to the extent of any leasing commissions hereafter payable thereunder arising out of the lease of space in the Property by Buyer after the date of this Assignment, and shall defend, indemnify and hold harmless Seller from and against any liability, damages, causes of action, expenses, and attorneys’ fees incurred by Seller by reason of the failure of Buyer to fulfill, perform, discharge, and observe its obligations with respect to the Leases or the Contracts

to the extent Buyer received a credit at closing with respect to any of such obligations under the Leases and/or Contracts.

4. Agreement Applies. Except as may otherwise be provided in the Agreement, the Contracts and Leases are being assigned and transferred, and the Personal Property is being transferred, to Buyer on an “as is,” and “where is” basis, with all faults, and without any representation or warranty, all of which Seller hereby disclaims, all as more particularly set forth in Section 11.1 of the Agreement, which Section shall be, and hereby is, incorporated herein by reference.

5. Counterparts. This Assignment may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, with the same effect as if all parties had signed the same signature page.

6. Attorneys’ Fees. In any action between the parties to enforce any of the terms or provisions of this Assignment, the prevailing party in the action shall be entitled to recover from the non-prevailing party, in addition to damages, injunctive relief or other relief, and its reasonable costs and expenses, including, without limitation, costs and reasonable attorneys’ fees (including on appeal).

7. Merger. This Assignment and the Agreement contain the entire understanding between the parties relating to their subject matter. All prior and contemporaneous agreements and understandings, whether oral or written, are superseded by this Assignment and the Agreement. This Assignment may only be modified in writing executed by both Buyer and Seller. Nothing contained in this Assignment is intended to terminate or affect the validity of any of the representations or warranties contained in the Agreement.

8. Joint and Several Liability. All obligations and liabilities of Buyer under this Assignment shall be joint and several as to each of the individuals or entities who compose Buyer.

9. Miscellaneous. This Assignment shall be binding upon and shall inure to the benefit of the parties hereto, their heirs, executors, administrators, successor-in-interest and assigns. If any term or provision of this Assignment shall be held invalid or unenforceable, the remainder of this Assignment shall not be affected. This Assignment shall be construed in accordance with and governed by the laws of the State of _____. Nothing in this Assignment shall impair, limit or lessen any of the rights of the parties with respect to the provisions of the Agreement which were intended to survive the Closing Date. Nothing in this Assignment, express or implied, is intended to confer upon any person or entity, other than the parties hereto and their respective successors and assigns, any rights or remedies.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed as of the date written above.

[Signature Pages to Follow]

F-4

SELLER:

—

a_

BUYER:

—

a_

F-5

EXHIBIT A
DESCRIPTION OF PROPERTY
[ATTACHED]

F-6

EXHIBIT B
DESCRIPTION OF TANGIBLE PROPERTY
[ATTACHED]

F-7

ADMIN 63464201v7

EXHIBIT C-1

LIST OF LEASES UNDER WHICH BUYER ASSUMES
OBLIGATIONS AFTER THE CLOSING DATE

[This schedule will include a list of all Leases which exist on the date of the Agreement, but specifically excluding the Leases listed on Schedule 1-1 and Schedule 1-2 attached to the Agreement.]

[ATTACHED]

F-8

EXHIBIT C-2

LIST OF LEASES UNDER WHICH BUYER ASSUMES
OBLIGATIONS BEFORE AND AFTER THE CLOSING DATE

[This schedule will include a list of (a) all Leases set forth on Schedule 1-1 and Schedule 1-2 to the Agreement, if any, (b) all Leases entered into after the date of the Agreement in accordance with the terms of the Agreement, and (c) all Lease amendments, expansions and renewals entered into by Seller in accordance with the terms of the Agreement.]

[ATTACHED]

F-9

EXHIBIT D-1

LIST OF CONTRACTS UNDER WHICH BUYER ASSUMES
OBLIGATIONS AFTER THE CLOSING DATE

[This schedule will include all contracts set forth on Exhibit C attached to the Agreement and any new service contracts entered into by Seller in accordance with the terms of the Agreement.]

[ATTACHED]

F-10

EXHIBIT D-2

LIST OF CONTRACTS UNDER WHICH BUYER ASSUMES
OBLIGATIONS BEFORE AND AFTER THE CLOSING DATE

[This schedule will include any new construction contracts entered into by Seller in connection with the completion of tenant improvement work for tenants under (a) the Leases set forth on Schedule 1-1 and Schedule 1-2 to the Agreement, if any, (b) all Leases entered into after the date of the Agreement in accordance with the terms of the Agreement, and (c) all Lease amendments, expansions and renewals entered into by Seller in accordance with the terms of the Agreement.]

[ATTACHED]

G-11

EXHIBIT G

Form of FIRPTA Affidavit

(Attached)

G-1

FIRPTA CERTIFICATE

_____ (“**Member**”) is the sole owner of _____ (“**Seller**”). Seller, a disregarded entity for U.S. tax purposes, is the transferor of certain real property more particularly described on Exhibit A attached hereto (the “**Property**”).

Section 1445 of the Internal Revenue Code of 1986, as amended (the “**Code**”) provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445 of the Code), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax will not be required in connection with the disposition of the Property pursuant to that certain Purchase and Sale Agreement and Escrow Instructions dated as of _____, 20__, by and between _____, a _____ (“**Buyer**”) and Seller, the undersigned certifies the following on behalf of Member:

1. Member is not a foreign corporation, foreign Company, foreign trust or foreign estate, as those terms are defined in the Code and the regulations promulgated thereunder;
2. Member is not a disregarded entity as defined in Treasury Regulations §1.1445-2(b)(2)(iii),
3. Member’s U.S. employer identification number is _____, and
4. Member’s address is: 800 Newport Center Drive, Suite 700, Newport Beach, California 92660.

It is understood that this certificate may be disclosed to the Internal Revenue Service and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined the foregoing certification and, to the best of my knowledge and belief, it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of Member.

Date: _____, 20__

Exhibit A
Legal Description
(Attached)

G-3

EXHIBIT H

Form of Owner's Affidavit

(Attached)

H-1

PROPERTY:
COUNTY:
STATE:

_____, a _____ (“Seller”), as seller, and _____, a _____ (“Buyer”), as buyer, are parties to that certain Purchase and Sale Agreement and Escrow Instructions (the “Purchase Agreement”) dated _____, 20__, as the same has been amended and modified, relating to the improved real property (the “Real Property”) referred to in Exhibit “A” attached hereto and made a part hereof.

In connection with the consummation of the transactions contemplated by the Purchase Agreement, Seller hereby represents and warrants to _____ Title Insurance Company the following:

1. Seller is a _____ organized and existing under the laws of the State of _____.
2. To Seller’s actual knowledge, (i) Seller’s _____ agreement is in full force and effect, and (ii) no proceedings are pending for the dissolution of the Seller.
3. To Seller’s actual knowledge, the leases described on Exhibit “B” attached hereto constitute all of the written leases affecting the Real Property with the current tenants of the Real Property.
4. To Seller’s actual knowledge, except as disclosed in Exhibit “C” attached hereto and made a part hereof, (a) there is no capital improvement work currently being constructed (or that was constructed during the last 6 months) on the Real Property that is the subject of a written contract with Seller which could give rise to a mechanic’s or materialman’s lien on the Real Property, and (b) Seller has not entered into any contracts for the furnishing of labor, materials, or services for construction purposes with respect to the Real Property to be furnished subsequent to the date of this affidavit.
5. Seller shall not hereafter cause any encumbrances or other instruments to be recorded against the Property (other than the recording of a deed (the “Deed”) transferring fee title to the Real Property to _____) through the date the Deed is recorded in _____ County, _____.

For purposes hereof, the “actual knowledge” of Seller shall be limited to the actual knowledge (and not implied, imputed, or constructive) of _____, with no duty of inquiry. Notwithstanding anything contained herein to the contrary, the representations and warranties set forth in this Owner’s Affidavit shall only survive the closing of the transactions contemplated by the Purchase Agreement until _____, 20__, after which date this Owner’s Affidavit shall be of no further force or effect and _____ Title Insurance Company shall have no further rights hereunder (notwithstanding that one or more of the representations and/or warranties set forth herein may prove to be incorrect). This Owner’s Affidavit is being executed for the sole and exclusive benefit of _____ Title Insurance Company and no other party or person shall have any rights hereunder.

Executed as of _____, 20__

[SIGNATURES ON NEXT PAGE]

SELLER:

—
—

EXHIBIT A
LEGAL DESCRIPTION
ATTACHED

EXHIBIT B
LIST OF LEASES
ATTACHED

EXHIBIT C
IMPROVEMENT WORK
ATTACHED

EXHIBIT I
Form of Tenant Notice
(Attached)

NOTICE TO TENANTS

[Date]

[Project Name]

[Address]

[City/State/ZIP]

Dear Tenant:

Notice is hereby given to the tenants of _____ (the “**Property**”) that _____, a _____ (“**Seller**”), the current owner of the Property, has sold the Property to _____, a _____ (“**Buyer**”) effective **[date of takeover]**. Buyer has assumed all of the obligations of landlord under your lease, including any obligations with respect to your security deposit, if any, which has been transferred to Buyer.

Sincerely,

“SELLER”

a__

“BUYER”

a__

EXHIBIT J

Form of Assignment and Assumption of Purchase Agreement

(Attached)

J-1

ADMIN 63464201v7

ASSIGNMENT AND ASSUMPTION OF PURCHASE AGREEMENT

This Assignment and Assumption of Purchase Agreement (“Assignment”) is entered into between _____ (“Assignor”), and _____ (“Assignee”), as of _____, 20__ (“Effective Date”).

RECITALS

A. Pursuant to the terms of that certain Purchase and Sale Agreement and Escrow Instructions dated _____, 20__ by and between _____ (“Seller”), as seller, and Assignor, as buyer, as amended (the “Purchase Agreement”), Assignor agreed to acquire the Property (as such term is defined in the Purchase Agreement) commonly referred to as _____.

B. Assignor desires to assign, without recourse, representation or warranty, all of its rights, benefits, liabilities and obligations arising under the Purchase Agreement (and related documents) to Assignee, and Assignee desires to assume all of said rights, benefits, liabilities and obligations subject to the terms of this Assignment.

NOW, THEREFORE, in consideration of the foregoing promises, the mutual undertakings of the parties set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, the parties agree as follows:

1. Recitals. The above recitals are incorporated herein by reference.
2. Assignment and Assumption. Assignor hereby transfers, assigns and conveys to Assignee, without recourse, representation or warranty, express or implied, all of Assignor’s rights, interests, liabilities and obligations in, to and under the Purchase Agreement (and related documents). Assignee hereby assumes all such rights, interests, liabilities and obligations, and joins in all representations, warranties, releases, and indemnities, of Assignor under the Purchase Agreement (and related documents). Assignor agrees it shall not be released from its obligations under the Purchase Agreement as a result of this Assignment, and Assignee agrees that its acquisition of the Property pursuant to the Purchase Agreement shall be subject to all terms and conditions thereof, including without limitation all release and as-is provisions of the Purchase Agreement. Notwithstanding the foregoing, (a) Seller shall have the right to deal exclusively with Assignee with respect to all matters pertaining to and/or arising out of the Purchase Agreement, (b) Assignor’s approval or consent shall not be required in connection with any amendment or modification to the Purchase Agreement hereafter entered into by and between Seller and Assignee, and (c) any and all amendments to the Purchase Agreement hereafter entered into by and between Seller and Assignee shall be binding on Assignor.
3. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties’ successors and assigns.
4. Counterparts. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument. Each counterpart may be delivered by



facsimile/email transmission. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto.

Executed as of the date set forth above.

ASSIGNOR:

By: _____

Its: _____

ASSIGNEE:

By: _____

Its: _____

SCHEDULE 1-1

Description of New and Pending Lease Transactions (Buyer's Responsibility)

Suite	Tenant	Status	SF	Term (Months)	Free Rent (Months)	Starting Rent PSF	Annual Rent Increases	Tenant Improvements PSF	Lease Commission %
2950	ZWP	Not Yet Signed	1,632	64	4	\$46.00	3%	\$115.00	4% months 1-60, 2% thereafter
2590	CPMCA	Not Yet Signed	1,377	60	0	\$44.80	3%	\$115.00	6% months 1-60, 3% thereafter
				67	2	45.32	3%	\$40.00	6% months 1-60, 3% thereafter
2270	YK Law Expansion	Signed	5,123						

SCHEDULE 1-2

Description of New and Pending Lease Transactions (Seller's Responsibility)

Suite #	Tenant Name	Relevant Lease / Amendment Date	Square Footage	Outstanding Tenant Improvements	Outstanding Leasing Commissions	*Free Rent Months Per Lease	*Total Abatement Per Month	
3250	Jewelry by Novel	7/12/2021	4,438	\$512,351.37	\$ -	10 (4/1/22-1/31/23)	\$16,272.67	
2290	Magic Ice Cube	10/1/2021	970	\$ -	\$2,195.60	None	\$ -	
2230	Mokri Vanis & Jones	8/1/2021	2,641	\$ -	\$ -	5 (1/1/22-5/31/2022)	\$10,615.58	
2520	Custodio Dubey	5/1/2021	4,464	\$ -	\$ -	2 (5/1/23-6/30/23)	\$16,970.16	
2580	CPMCA	11/1/2021	4,735	\$ -	\$ -	6 (12/1/2021-5/31/22)	\$17,164.38	
3600	Yoka & Smith	6/1/2021	2,802	\$ -	\$ -	3 (12/1/2021-2/28/2022)	\$11,169.27	
3800	Yoka & Smith TIA/FR	6/1/2021	18,609	\$487,229.21	\$ -	5 (3/1/22-7/31/22)	\$73,660.63	
3800	Yoka & Smith Original Lease TI conversion to free rent	6/1/2021	18,069	\$21,970.52	\$ -	12/1/21-2/28/22	\$ -	\$16,209.05 of TI Lease Incentive will be converted to security deposit. Confirming with Tenant.
Multiple	Union Bank Office TIA	8/1/2019	161,903	\$6,881,732.55	\$ -	None	\$ -	
C201	Union Bank Retail TIA	8/1/2019	3,152	\$69,973.25	\$ -	None	\$ -	
3700	JS Held TI Conversion to Free Rent	6/4/2018	9,305	\$89,530.00	\$ -	None	\$ -	
2280	YK Law	5/31/2021	2,413	\$6,032.50	\$ -	None	\$ -	This has expired

*Credit to be provided to Buyer for free rent shall be the free rent attributable to periods from and after the Closing Date.

SCHEDULE 2

Natural Hazard Disclosure Statement

(Attached)

NATURAL HAZARD DISCLOSURE STATEMENT

The Seller discloses the following information with the knowledge that even though this is not a warranty, prospective buyers may rely on this information in deciding whether and on what terms to purchase the subject property. Seller hereby authorizes any agent(s) representing any principal(s) in this action to provide a copy of this statement to any person or entity in connection with any actual or anticipated sale of the property.

THE FOLLOWING ARE DISCLOSURES MADE BY THE SELLER AND HIS OR HER AGENT(S) BASED ON THEIR ACTUAL KNOWLEDGE AND MAPS DRAWN BY THE STATE. THIS INFORMATION IS A DISCLOSURE AND IS NOT INTENDED TO BE PART OF ANY CONTRACT BETWEEN THE PURCHASER AND THE SELLER.

The disclosures made in this Natural Hazard Disclosure Statement are based upon information provided by an independent third party as a substitute disclosure pursuant to California Civil Code 1102.4. Seller has not independently verified the information contained herein, but is not personally aware of any errors or inaccuracies in the information contained herein.

WITH RESPECT TO THE REAL PROPERTY DESCRIBED IN EXHIBIT A ATTACHED HERETO, THIS REAL PROPERTY LIES WITHIN THE FOLLOWING HAZARDOUS AREA(S):

A VERY HIGH FIRE HAZARD SEVERITY ZONE pursuant to Section 51178 or 51179 of the Government Code. The owner of this property is subject to the maintenance requirements of Section 51182 of the Government Code.

Yes _____ No _____

A WILDLAND AREA THAT MAY CONTAIN SUBSTANTIAL FOREST FIRE RISKS AND HAZARDS pursuant to Section 4125 of the Public Resources Code. The owner of this property is subject to the maintenance requirements of Section 4291 of the Public Resources Code. Additionally, it is not the state's responsibility to provide fire protection services to any building or structure located within the wildlands unless the Department of Forestry and Fire Protection has entered into a cooperative agreement with a local agency for those purposes pursuant to Section 4142 of the Public Resources Code.

Yes _____ No _____

AN EARTHQUAKE FAULT ZONE pursuant to Section 2622 of the Public Resources Code.

Yes _____ No _____

A SEISMIC HAZARD ZONE pursuant to Section 2696 of the Public Resources Code.

Yes (Landslide Zone)___ Yes (Liquefaction Zone)___ No___ Map not yet released by State ___



A SPECIAL FLOOD HAZARD AREA (Zone 'A') designated by the Federal Emergency Management Agency.

Yes _____ No _____ Do not know/information not available from local jurisdiction _____

AN AREA OF POTENTIAL FLOODING shown on an inundation map pursuant to Section 8589.5 of the Government Code.

Yes _____ No _____ Do not know/information not available from local jurisdiction

THESE HAZARDS MAY LIMIT YOUR ABILITY TO DEVELOP THE REAL PROPERTY, TO OBTAIN INSURANCE, OR TO RECEIVE ASSISTANCE AFTER A DISASTER.

THE MAPS ON WHICH THESE DISCLOSURES ARE BASED ESTIMATE WHERE NATURAL HAZARDS EXIST. THEY ARE NOT DEFINITIVE INDICATORS OF WHETHER OR NOT A PROPERTY WILL BE AFFECTED BY A NATURAL DISASTER. PURCHASER(S) AND SELLER(S) MAY WISH TO OBTAIN PROFESSIONAL ADVICE REGARDING THOSE HAZARDS.

PURCHASER ACKNOWLEDGES AND AGREES THAT THIS NATURAL HAZARD DISCLOSURE STATEMENT IS BEING DELIVERED TO COMPLY WITH APPLICABLE LAW AND DOES NOT, AND IS NOT INTENDED TO, CONSTITUTE REPRESENTATIONS AND WARRANTIES FROM SELLER.

[SIGNATURES ON NEXT PAGE]

Subject to the terms set forth above, Seller certifies that the information herein is true and correct to the best of the Seller's actual knowledge as of the date signed by the Seller.

SELLER:

By: ___

By:___

Name:___

Title:___

Date__

Purchaser certifies that it has read and understands this document.

PURCHASER:

—

a —

SCHEDULE 3

Ongoing Work

<u>Date</u>	<u>Location</u>	<u>Contractor/Vendor</u>	<u>Description</u>	<u>Cost</u>	<u>Remaining Balance to Be Paid</u>
11/19/2021	Boiler Project	AO Reed	AO Reed Boiler Installation	\$3,752,000.00	\$3,230,986.49
11/19/2021	Boiler Project	Cushman Wakefield	Project Management	\$100,513.00	\$80,987.66
11/19/2021	Boiler Project	TBD	Gas Meter (Estimate)	\$10,000.00	\$10,000.00
11/19/2021	Boiler Project	Ecobay	Phase 2 Abatement 39th Floor	\$23,625.00	\$23,625.00
11/19/2021	Boiler Project	Ecobay	Phase 2 Abatement Street Level Engineering	\$43,875.00	\$43,875.00
11/19/2021	Boiler Project	CSC	Phase 2 Hygenist	\$19,350.00	\$19,350.00

SCHEDULE 4

Disclosures

Name	DOL			
Vicki Commarusti	10/16/2020	Building	Insurance Claim	In process with Clarke Marine Insurance
Ashley Joseph Parker	9/10/2019	Building	Insurance Claim	In process with Clarke Marine Insurance
Maritza Cruz	2/25/2020	Building	Insurance Claim	In process with Clarke Marine Insurance
Kathy Choi	5/10/2018	Building	Insurance Claim	In process with Clarke Marine Insurance

**Certification of Chief Executive Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Charles J. Schreiber, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of KBS Real Estate Investment Trust II, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

**Certification of Chief Financial Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jeffrey K. Waldvogel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of KBS Real Estate Investment Trust II, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Cover Page - shares**6 Months Ended****Jun. 30, 2022****Aug. 10,
2022****Cover [Abstract]**

<u>Document Type</u>	10-Q	
<u>Document Quarterly Report</u>	true	
<u>Document Period End Date</u>	Jun. 30, 2022	
<u>Document Transition Report</u>	false	
<u>Entity File Number</u>	000-53649	
<u>Entity Registrant Name</u>	KBS REAL ESTATE INVESTMENT TRUST II, INC.	
<u>Entity Incorporation, State or Country Code</u>	MD	
<u>Entity Tax Identification Number</u>	26-0658752	
<u>Entity Address, Address Line One</u>	800 Newport Center Drive, Suite 700	
<u>Entity Address, City or Town</u>	Newport Beach,	
<u>Entity Address, State or Province</u>	CA	
<u>Entity Address, Postal Zip Code</u>	92660	
<u>City Area Code</u>	949	
<u>Local Phone Number</u>	417-6500	
<u>Entity Current Reporting Status</u>	Yes	
<u>Entity Interactive Data Current</u>	Yes	
<u>Entity Filer Category</u>	Non-accelerated Filer	
<u>Entity Small Business</u>	true	
<u>Entity Emerging Growth Company</u>	false	
<u>Entity Shell Company</u>	false	
<u>Entity Common Stock, Shares Outstanding</u>		183,346,918
<u>Entity Central Index Key</u>	0001411059	
<u>Current Fiscal Year End Date</u>	--12-31	
<u>Document Fiscal Year Focus</u>	2022	
<u>Document Fiscal Period Focus</u>	Q2	
<u>Amendment Flag</u>	false	

**CONDENSED
CONSOLIDATED
STATEMENTS OF NET
ASSETS - USD (\$)
\$ in Thousands**

Jun. 30, 2022 Dec. 31, 2021

Assets

<u>Real estate</u>	\$ 153,497	\$ 188,383
<u>Cash and cash equivalents</u>	38,306	45,163
<u>Rents and other receivables</u>	236	342
<u>Due from affiliate</u>	5	727
<u>Other assets</u>	34	171
<u>Total assets</u>	192,078	234,786

Liabilities

<u>Liabilities for estimated costs in excess of estimated receipts during liquidation</u>	15,790	22,021
<u>Accounts payable and accrued liabilities</u>	1,089	1,833
<u>Due to affiliate</u>	6	29
<u>Liabilities for estimated closing costs and disposition fees</u>	3,295	4,008
<u>Other liabilities</u>	1,074	1,374
<u>Total liabilities</u>	21,254	29,265
<u>Commitments and contingencies (Note 8)</u>		
<u>Net assets in liquidation</u>	\$ 170,824	\$ 205,521

**CONDENSED
CONSOLIDATED
STATEMENT OF
CHANGES IN NET
ASSETS
\$ in Thousands**

6 Months Ended

**Jun. 30, 2022
USD (\$)**

Changes in Net Assets in Liquidation [Roll Forward]

<u>Net assets in liquidation, beginning of period</u>	\$ 205,521
<u>Changes in net assets in liquidation</u>	
<u>Change in liquidation value of real estate property after closing costs/disposition fees</u>	(34,173)
<u>Change in estimated cash flow during liquidation</u>	(268)
<u>Change in estimated capital expenditures</u>	(42)
<u>Other changes, net</u>	(214)
<u>Changes in net assets in liquidation</u>	(34,697)
<u>Net assets in liquidation, end of period</u>	\$ 170,824

ORGANIZATION

**6 Months Ended
Jun. 30, 2022**

[Organization, Consolidation
and Presentation of
Financial Statements
\[Abstract\]](#)

[ORGANIZATION](#)

ORGANIZATION

KBS Real Estate Investment Trust II, Inc. (the “Company”) was formed on July 12, 2007 as a Maryland corporation that elected to be taxed as a real estate investment trust (“REIT”) beginning with the taxable year ended December 31, 2008. The Company conducts its business primarily through KBS Limited Partnership II, a Delaware limited partnership formed on August 23, 2007 (the “Operating Partnership”), and its subsidiaries. The Company is the sole general partner of and directly owns a 0.1% partnership interest in the Operating Partnership. The Company’s wholly-owned subsidiary, KBS REIT Holdings II LLC, a Delaware limited liability company formed on August 23, 2007 (“KBS REIT Holdings II”), owns the remaining 99.9% partnership interest in the Operating Partnership and is its sole limited partner.

As of June 30, 2022, the Company owned one office property.

Subject to certain restrictions and limitations, the business of the Company is managed by KBS Capital Advisors LLC (the “Advisor”), an affiliate of the Company, pursuant to an advisory agreement the Company entered into with the Advisor (the “Advisory Agreement”). The Advisory Agreement is effective through May 21, 2023 and may be renewed for an unlimited number of one-year periods upon the mutual consent of the Advisor and the Company. Either party may terminate the Advisory Agreement upon 60 days’ written notice. The Advisor owns 20,000 shares of the Company’s common stock.

As of June 30, 2022, the Company had 183,346,918 shares of common stock issued and outstanding.

On November 13, 2019, in connection with a review of potential strategic alternatives available to the Company, a special committee composed of all of the Company’s independent directors (the “Special Committee”) and the board of directors unanimously approved the sale of all of the Company’s assets and the dissolution of the Company pursuant to the terms of the plan of complete liquidation and dissolution (the “Plan of Liquidation”). The principal purpose of the Plan of Liquidation is to provide liquidity to the Company’s stockholders by selling the Company’s assets, paying its debts and distributing the net proceeds from liquidation to the Company’s stockholders. On March 5, 2020, the Company’s stockholders approved the Plan of Liquidation. The Plan of Liquidation is included as an exhibit to this Quarterly Report on Form 10-Q.

COVID-19 Pandemic

One of the most significant risks and uncertainties facing the Company and the real estate industry generally, and in particular office REITs like the Company, continues to be the effect of the public health crisis of the novel coronavirus disease (“COVID-19”) pandemic. To date, the Company has not experienced significant disruptions in its operations from the COVID-19 pandemic, although the Company’s completion of the Plan of Liquidation has been delayed. During the six months ended June 30, 2022, the Company reduced the estimated liquidation value of its remaining real estate property by \$34.2 million (after estimated closing costs and disposition fees) partly due to changes in leasing projections resulting in lower projected cash

flow and a lower projected sale price caused by the impact of the COVID-19 pandemic. During the years ended December 31, 2021 and 2020, the Company reduced the estimated liquidation value of its real estate portfolio by \$78.1 million (or \$54.6 million after accounting for the decrease in estimated capital expenditures of \$23.5 million that was previously projected to be spent) and \$90.2 million, respectively, due to changes in leasing projections across its portfolio resulting in lower projected cash flow and projected sales prices caused by the impact of the COVID-19 pandemic.

The extent to which the COVID-19 pandemic further impacts the Company's completion of the Plan of Liquidation depends on future developments, which remain uncertain and cannot be predicted with confidence, including the demand for office space in downtown Los Angeles, where the Company's remaining property is located, which demand has significantly declined as a result of the COVID-19 pandemic, with employees continuing to work from home.

PLAN OF LIQUIDATION

**6 Months Ended
Jun. 30, 2022**

[Organization, Consolidation and Presentation of](#)

[Financial Statements](#)

[\[Abstract\]](#)

[PLAN OF LIQUIDATION](#)

PLAN OF LIQUIDATION

The Plan of Liquidation authorizes the Company to undertake an orderly liquidation. In an orderly liquidation, the Company will sell all of its properties, pay all of its known liabilities, provide for the payment of its unknown or contingent liabilities, distribute its remaining cash to its stockholders, wind up its operations and dissolve. The Company is authorized to provide for the payment of any unascertained or contingent liabilities and may do so by purchasing insurance, by establishing a reserve fund or in other ways.

The Plan of Liquidation enables the Company to sell any and all of its assets without further approval of its stockholders and provides that the amounts and timing of liquidating distributions will be determined by the Company's board of directors. At the time of adopting the Plan of Liquidation, the Company had anticipated completing its orderly liquidation and paying substantially all of its liquidating distributions from the net proceeds from liquidation within 24 months after stockholder approval of the Plan of Liquidation, which occurred on March 5, 2020. Given the uncertainty and business disruptions as a result of the outbreak of COVID-19 and more recently the rising interest rate environment, the Company's completion of the Plan of Liquidation has been delayed. Although the Company was not able to complete its liquidation within the 24-month period described above, the Company does not anticipate any material unfavorable tax consequences to its stockholders or to its status as a REIT. For U.S. federal income tax purposes, (i) the Company did not have any current and accumulated earnings and profits (including any gain) or taxable income or gain for the taxable years ended December 31, 2020 and December 31, 2021 and (ii) the Company does not anticipate any current and accumulated earnings and profits (including any gain) or taxable income or gain for the taxable year ended December 31, 2022 or in future periods.

The Company's expectations about the completion of the Plan of Liquidation and the amount of any additional liquidating distributions that the Company pays to its stockholders and when the Company will pay them are subject to risks and uncertainties and are based on certain estimates and assumptions, one or more of which may prove to be incorrect. As a result, the actual amount of any additional liquidating distributions the Company pays to its stockholders may be less than the Company estimates and the liquidating distributions may be paid later than the Company predicts. There are many factors that may affect the amount of liquidating distributions the Company will ultimately pay to its stockholders. If the Company underestimates its existing obligations and liabilities or the amount of taxes, transaction fees and expenses relating to the liquidation and dissolution, or if unanticipated or contingent liabilities arise, the amount of liquidating distributions ultimately paid to the Company's stockholders could be less than estimated. Moreover, the liquidation value will fluctuate over time in response to developments related to the Company's remaining real estate property, in response to the real estate and finance markets, based on the actual liquidation timing and the amount of net proceeds received from the disposition of the Company's remaining asset and due to other factors. In particular, the outbreak of

COVID-19, together with the resulting measures imposed to help control the spread of the virus, has had a negative impact on the economy and business activity globally. While the Company has considered the impact from COVID-19 in its net assets in liquidation presented on the Condensed Consolidated Statement of Net Assets as of June 30, 2022, the extent to which the Company's completion of the Plan of Liquidation may be further affected by the COVID-19 pandemic depends on future developments, which remain uncertain and cannot be predicted with confidence, including the demand for office space in downtown Los Angeles, where the Company's remaining property is located, which demand has significantly declined as a result of the COVID-19 pandemic, with employees continuing to work from home. The Company's completion of the Plan of Liquidation may also be adversely impacted by the current economic slowdown, the rising interest rate environment and inflation, or the public perception that any of these events may continue. Given the uncertainty and current business disruptions as a result of the factors discussed above, the Company's completion of the Plan of Liquidation may be materially and adversely impacted and this may have a material effect on the ultimate amount and timing of liquidating distributions received by stockholders. Accordingly, it is not possible to precisely predict the timing of any additional liquidating distributions the Company pays to its stockholders or the aggregate amount of liquidating distributions that the Company will ultimately pay to its stockholders. No assurance can be given that any additional liquidating distributions the Company pays to its stockholders will equal or exceed the estimate of net assets in liquidation presented on the Condensed Consolidated Statement of Net Assets as of June 30, 2022. The Company expects to comply with the requirements necessary to continue to qualify as a REIT through the completion of the liquidation process. The board of directors shall use commercially reasonable efforts to continue to cause the Company to maintain its REIT status; provided, however, that the board of directors may elect to terminate the Company's status as a REIT if it determines that such termination would be in the best interest of the stockholders.

**SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES**

6 Months Ended

Jun. 30, 2022

[Accounting Policies](#)

[\[Abstract\]](#)

[SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES](#)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no significant changes to the Company's accounting policies since it filed its audited financial statements in its Annual Report on Form 10-K for the year ended December 31, 2021. For further information about the Company's accounting policies, refer to the Company's consolidated financial statements and notes thereto for the year ended December 31, 2021 included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC").

Principles of Consolidation and Basis of Presentation

The accompanying unaudited consolidated financial statements and condensed notes thereto have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information as contained within the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), including Subtopic 205-30, "Liquidation Basis of Accounting," and the rules and regulations of the SEC, including the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the unaudited consolidated financial statements do not include all of the information and footnotes required by GAAP for audited financial statements. In the opinion of management, the financial statements for the unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary for a fair and consistent presentation of the results for such periods.

Pursuant to the Company's stockholders' approval of the Plan of Liquidation, the Company adopted the liquidation basis of accounting as of and for the periods subsequent to February 1, 2020 (as the approval of the Plan of Liquidation by the Company's stockholders became imminent within the first week of February 2020 based on the results of the Company's solicitation of proxies from its stockholders for their approval of the Plan of Liquidation). Accordingly, on February 1, 2020, assets were adjusted to their estimated net realizable value, or liquidation value, which represents the estimated amount of cash that the Company will collect through the disposal of assets as it carries out the Plan of Liquidation. The liquidation value of the Company's real estate property is presented on an undiscounted basis. Estimated costs to dispose of assets and estimated capital expenditures through the anticipated disposition date of the real estate property have been presented separately from the related assets. Liabilities are carried at their contractual amounts due or estimated settlement amounts.

The Company accrues costs and income that it expects to incur and earn through the completion of its liquidation, including the estimated amount of cash the Company expects to collect through the disposal of its assets and the estimated costs to dispose of its assets, to the extent it has a reasonable basis for estimation. These amounts are classified as a liability for estimated costs in excess of estimated receipts during liquidation on the Condensed Consolidated Statement of Net Assets. Actual costs and income may differ from amounts reflected in the financial statements because of the inherent uncertainty in estimating future events. These differences may be material. See Note 2, "Plan of Liquidation" and Note 4, "Liabilities for Estimated Costs in Excess of Estimated Receipts During Liquidation" for further discussion. Actual costs incurred but unpaid as of June 30, 2022 are included in accounts payable and

accrued liabilities, due to affiliates and other liabilities on the Condensed Consolidated Statement of Net Assets.

Net assets in liquidation represents the remaining estimated liquidation value available to stockholders upon liquidation. Due to the uncertainty in the timing of the sale of the Company's remaining real estate property and the estimated cash flows from operations, actual liquidation costs and sale proceeds may differ materially from the amounts estimated.

Use of Estimates

The preparation of the unaudited consolidated financial statements and condensed notes thereto in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and condensed notes. Actual results could materially differ from those estimates.

**LIABILITIES FOR
ESTIMATED COSTS IN
EXCESS OF ESTIMATED
RECEIPTS DURING
LIQUIDATION**

6 Months Ended

Jun. 30, 2022

Liability during Liquidation

[Abstract]

**LIABILITIES FOR
ESTIMATED COSTS IN
EXCESS OF ESTIMATED
RECEIPTS DURING
LIQUIDATION**

LIABILITIES FOR ESTIMATED COSTS IN EXCESS OF ESTIMATED RECEIPTS DURING LIQUIDATION

The liquidation basis of accounting requires the Company to estimate net cash flows from operations and to accrue all costs associated with completing the Plan of Liquidation. As of June 30, 2022, the Company estimated that it will have costs in excess of estimated receipts during the amounts can vary significantly due to, among other things, the timing and estimates for executing and renewing leases, estimates of tenant improvement expenditures, the timing of property sales, direct costs incurred to complete the sales, the timing and amounts associated with discharging known and the costs associated with the winding down of operations. These costs are estimated and are anticipated to be paid out over the liquidation period.

The change in the liabilities for estimated costs in excess of estimated receipts during liquidation as of June 30, 2022 is as follows (in thousands):

	December 31, 2021	Cash Payments (Receipts)	Remeasurement of Assets and Liabilities
Assets:			
Estimated net inflows from investments in real estate	\$ 4,415	\$ (3,815)	\$ 1,115
	4,415	(3,815)	1,115
Liabilities:			
Liquidation transaction costs	(2,760)	—	-
Corporate expenditures	(4,246)	2,985	(1,451)
Capital expenditures	(19,430)	7,371	(4,059)
	(26,436)	10,356	(14,080)
Total liabilities for estimated costs in excess of estimated receipts during liquidation	\$ (22,021)	\$ 6,541	\$ (31,050)

**NET ASSETS IN
LIQUIDATION**

**6 Months Ended
Jun. 30, 2022**

[Assets in Liquidation](#)
[\[Abstract\]](#)
[NET ASSETS IN](#)
[LIQUIDATION](#)

NET ASSETS IN LIQUIDATION

Net assets in liquidation decreased by approximately \$34.7 million during the six months ended June 30, 2022 as follows (in thousands):

Changes in net assets in liquidation	
Change in liquidation value of real estate property after closing costs/disposition fees	\$
Change in estimated cash flow during liquidation	
Change in estimated capital expenditures	
Other changes, net	
Changes in net assets in liquidation	\$

During the six months ended June 30, 2022, the estimated net realizable value of real estate after estimated closing costs and the Company's remaining office building located in Los Angeles, California ("Union Bank Plaza") decreased by \$34.2 million. The liquidation value was adjusted based on the contractual sales price less estimated closing credits as the property is currently not for sale. See Note 9, "Subsequent Events - Purchase and Sale Agreement for Sale of Union Bank Plaza." This was the largest decline in net assets in liquidation. As of June 30, 2022, Union Bank Plaza was 59% occupied. Demand for office space in Los Angeles significantly declined as a result of the COVID-19 pandemic, with employees continuing to work from home. In addition, higher interest rates, prospective buyers are challenged to obtain favorable financing, which along with the lower demand for office space is impacting the projected cash flows of the property and the purchase price prospective buyers are willing to pay for the property in liquidation as of June 30, 2022 would result in the payment of additional estimated liquidating distributions of approximately \$34.7 million of common stock to the Company's stockholders of record as of June 30, 2022. This estimate of additional liquidating distributions is based on projections of costs and expenses to be incurred during the estimated period required to complete the Plan of Liquidation. There is uncertainty with these estimates and projections, and they could change materially based on the timing of the sale of Union Bank Plaza and any changes in the underlying assumptions of the projected cash flows from this plan of liquidation.

REAL ESTATE

**6 Months Ended
Jun. 30, 2022**

[Real Estate \[Abstract\]](#)
[REAL ESTATE](#)

REAL ESTATE

As of June 30, 2022, the Company owned Union Bank Plaza, encompassing in the aggregate 701,888 rentable square feet with an estimated liquidation value of \$153.5 million, exclusive of net operating income to be earned and projected capital expenditures to be incurred over the expected hold period through sale. As of June 30, 2022, Union Bank Plaza was 59% occupied.

As a result of adopting the liquidation basis of accounting as of February 1, 2020, as of June 30, 2022, Union Bank Plaza was recorded at its estimated liquidation value, which represents the estimated gross amount of cash that the Company will collect through the sale of Union Bank Plaza as it carries out its Plan of Liquidation.

**RELATED PARTY
TRANSACTIONS**

**6 Months Ended
Jun. 30, 2022**

[Related Party Transactions](#)

[\[Abstract\]](#)

[RELATED PARTY
TRANSACTIONS](#)

RELATED PARTY TRANSACTIONS The Company has entered into the Advisory Agreement with the Advisor. This agreement provides for the Advisor to specified fees upon the provision of certain services with regard to the management of the Company's investment services, and the disposition of investments, as well as reimbursement of certain costs incurred by the Advisor in providing such services to the Company. In addition, the Advisor is entitled to certain other fees, including an incentive fee upon achieving certain performance objectives detailed in the Advisory Agreement. The Company has also entered into a fee reimbursement agreement with KBS Capital Management, LLC (the "Dealer Manager") pursuant to which the Company agreed to reimburse the Dealer Manager for certain fees and expenses incurred in administering the Company's participation in the Depository Trust & Clearing Corporation Alternative Investment Product. The Company also reimbursed the Advisor in respect to certain accounts of the Company's investors serviced through the platform. The Advisor and Dealer Manager are the advisor and dealer manager, respectively, for KBS Real Estate Investment Trust III, Inc. ("KBS REIT III") and KBS Growth & Income REIT, Inc. ("KBS Growth & Income REIT").

As of January 1, 2021, the Company, together with KBS REIT III, KBS Growth & Income REIT, the Dealer Manager, the Advisor and other KBS-affiliated entities had entered into an errors and omissions and directors and officers liability insurance program where the lower tiers of such insurance coverage were allocated by the Advisor and its insurance broker among each of the various entities covered by the program, and was billed to the Company. This program was effective through June 30, 2022. In connection with the Company's liquidation, the Company ceased participation in the program and obtained separate insurance coverage.

During the six months ended June 30, 2022 and 2021, no other business transactions occurred between the Company and KBS REIT III, KBS Growth & Income REIT, the Advisor, the Dealer Manager or other KBS-affiliated entities.

Pursuant to the terms of these agreements, summarized below are the related-party costs incurred by the Company for the three and six months ended June 30, 2022 and 2021, respectively, and any related amounts receivable and payable as of June 30, 2022 and December 31, 2021 (in thousands):

	Incurred				Receivable as of		
	Three Months Ended June 30,		Six Months Ended June 30,		June 30,	December 31,	June 30,
	2022	2021	2022	2021	2022	2021	2022
Expensed							
Asset management fees	\$ 525	\$ 1,476	\$ 1,039	\$ 2,914	\$ —	\$ —	\$ —
Reimbursement of operating expenses ⁽¹⁾	8	95	26	221	5	727	
	<u>\$ 533</u>	<u>\$ 1,571</u>	<u>\$ 1,065</u>	<u>\$ 3,135</u>	<u>\$ 5</u>	<u>\$ 727</u>	<u>\$ —</u>

(1) Reimbursable operating expenses primarily consists of internal audit personnel costs, accounting software costs and other expenses incurred by the Advisor under the Advisory Agreement. The Company has reimbursed the Advisor for the Company's portion of the salaries, benefits and overhead of internal audit department personnel providing services to the Company. The Company incurred \$8,000 and \$76,000 for the three months ended June 30, 2022 and 2021, respectively, and \$24,000 and \$163,000 for the six months ended June 30, 2022 and 2021, respectively, and were the only type of employee costs reimbursed under the Advisory Agreement for the three months ended June 30, 2022 and 2021. The Company will not reimburse for employee costs in connection with services for which the Advisor or its affiliates may pay to the Company's executive officers. In addition to the amounts above, the Company reimbursed the Advisor for certain of the Company's direct costs incurred from third parties that were initially paid by the Advisor on behalf of the Company. The amount receivable as of December 31, 2021 includes \$0.7 million of estimated amounts charged to the Company by certain vendors for which the Company believes it was either overcharged or which were never performed. During the six months ended June 30, 2022, the Company incurred \$0.2 million of legal and accounting costs related to the investigation of this matter. As of June 30, 2022, the Company reimbursed the Advisor \$0.9 million for amounts inappropriately charged to the Company and for legal and accounting costs related to the investigation of this matter.

COMMITMENTS AND CONTINGENCIES

6 Months Ended
Jun. 30, 2022

[Commitments and Contingencies Disclosure](#)

[\[Abstract\]](#)

[COMMITMENTS AND CONTINGENCIES](#)

COMMITMENTS AND CONTINGENCIES

Economic Dependency

The Company is dependent on the Advisor for certain services that are essential to the Company, including the execution of the Plan of Liquidation; the disposition of the Company's remaining real estate investment; management of the Company's remaining real estate investment; and other general and administrative responsibilities. In the event the Advisor is unable to provide any of these services, the Company will be required to obtain such services from other sources.

Environmental

As an owner of real estate, the Company is subject to various environmental laws of federal, state and local governments. Compliance with existing environmental laws is not expected to have a material adverse effect on the Company's financial condition and results of operations as of June 30, 2022.

Legal Matters

From time to time, the Company is party to legal proceedings that arise in the ordinary course of its business. Management is not aware of any legal proceedings of which the outcome is probable or reasonably possible to have a material adverse effect on the Company's results of operations or financial condition, which would require accrual or disclosure of the contingency and possible range of loss. Additionally, the Company has not recorded any loss contingencies related to legal proceedings in which the potential loss is deemed to be remote.

SUBSEQUENT EVENTS

**6 Months Ended
Jun. 30, 2022**

[Subsequent Events](#)

[\[Abstract\]](#)

[SUBSEQUENT EVENTS](#)

SUBSEQUENT EVENTS

Purchase and Sale Agreement for Sale of Union Bank Plaza

On September 15, 2010, the Company, through an indirect wholly owned subsidiary, purchased Union Bank Plaza, a 40-story office building located in Los Angeles, California containing 701,888 rentable square feet on approximately 3.7 acres of land.

On July 20, 2022, the Company, through an indirect wholly owned subsidiary, entered into a purchase and sale agreement and escrow instructions (the “Agreement”) for the sale of Union Bank to WB Union Plaza Holdings LLC (the “Purchaser”), an affiliate of Waterbridge Capital. The Purchaser is unaffiliated with the Company or the Advisor. Pursuant to the Agreement, the sale price for Union Bank Plaza is \$155.0 million, subject to prorations and adjustments as provided in the Agreement.

The closing date is expected to be October 19, 2022. There can be no assurance that the Company will complete the sale of Union Bank Plaza. The Purchaser would be obligated to purchase Union Bank Plaza only after satisfaction of agreed upon closing conditions. In certain circumstances, if the Purchaser fails to complete the acquisition, it may forfeit up to \$7.5 million of earnest money.

**SUMMARY OF
SIGNIFICANT
ACCOUNTING POLICIES
(Policies)**

6 Months Ended

Jun. 30, 2022

[Accounting Policies](#)

[\[Abstract\]](#)

[Principles of Consolidation
and Basis of Presentation](#)

[Use of Estimates](#)

The accompanying unaudited consolidated financial statements and condensed notes thereto have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial information as contained within the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”), including Subtopic 205-30, “Liquidation Basis of Accounting,” and the rules and regulations of the SEC, including the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, the unaudited consolidated financial statements do not include all of the information and footnotes required by GAAP for audited financial statements. In the opinion of management, the financial statements for the unaudited interim periods presented include all adjustments, which are of a normal and recurring nature, necessary for a fair and consistent presentation of the results for such periods. The preparation of the unaudited consolidated financial statements and condensed notes thereto in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and condensed notes. Actual results could materially differ from those estimates.

**LIABILITIES FOR
ESTIMATED COSTS IN
EXCESS OF ESTIMATED
RECEIPTS DURING
LIQUIDATION (Tables)**

6 Months Ended

Jun. 30, 2022

[Liability during Liquidation](#)

[\[Abstract\]](#)

[Summary of Changes in](#)

[Liquidation Accrual of](#)

[Company](#)

The change in the liabilities for estimated costs in excess of estimated receipts during liquidation as of June 30, 2022 is as follows (in thousands):

	December 31, 2021	Cash Payments (Receipts)	Remeasurement of Assets and Liabilities
Assets:			
Estimated net inflows from investments in real estate	\$ 4,415	\$ (3,815)	\$ 1,115
	4,415	(3,815)	1,115
Liabilities:			
Liquidation transaction costs	(2,760)	—	-
Corporate expenditures	(4,246)	2,985	(1,451)
Capital expenditures	(19,430)	7,371	(4,059)
	(26,436)	10,356	(1,451)
Total liabilities for estimated costs in excess of estimated receipts during liquidation	\$ (22,021)	\$ 6,541	\$ (3,000)

NET ASSETS IN
LIQUIDATION (Tables)

6 Months Ended
Jun. 30, 2022

[Assets in Liquidation
\[Abstract\]](#)

[Schedule of Change in Net
Assets in Liquidation](#)

Net assets in liquidation decreased by approximately \$34.7 million during the six months ended June 30, 2022 as follows (in thousands):

Changes in net assets in liquidation	
Change in liquidation value of real estate property after closing costs/disposition fees	\$
Change in estimated cash flow during liquidation	
Change in estimated capital expenditures	
Other changes, net	
Changes in net assets in liquidation	\$

**RELATED PARTY
TRANSACTIONS (Tables)**

[Related Party Transactions
\[Abstract\]](#)
[Schedule of Related Party
Costs](#)

**6 Months Ended
Jun. 30, 2022**

Pursuant to the terms of these agreements, summarized below are the related-party costs incurred by the Company for the three and six months ended June 30, 2022 and 2021, respectively, and any related amounts receivable and payable as of June 30, 2022 and December 31, 2021 (in thousands):

	Incurred				Receivable as of		June 30, 2022
	Three Months Ended June 30,		Six Months Ended June 30,		June 30,	December 31,	
	2022	2021	2022	2021	2022	2021	
<i>Expensed</i>							
Asset management fees	\$ 525	\$ 1,476	\$ 1,039	\$ 2,914	\$ —	\$ —	\$ —
Reimbursement of operating expenses ⁽¹⁾	8	95	26	221	5	727	727
	\$ 533	\$ 1,571	\$ 1,065	\$ 3,135	\$ 5	\$ 727	\$ 727

(1) Reimbursable operating expenses primarily consists of internal audit personnel costs, accounting software costs and consulting expenses incurred by the Advisor under the Advisory Agreement. The Company has reimbursed the Advisor for the Company's proportion of the salaries, benefits and overhead of internal audit department personnel providing services to the Company. Total reimbursements were \$8,000 and \$76,000 for the three months ended June 30, 2022 and 2021, respectively, and \$24,000 and \$163,000 for the six months ended June 30, 2022 and 2021, respectively, and were the only type of employee costs reimbursed under the Advisory Agreement for the three months ended June 30, 2022 and 2021. The Company will not reimburse for employee costs in connection with services for which the Advisor or its affiliates may pay to the Company's executive officers. In addition to the amounts above, the Company reimbursed the Company for certain of the Company's direct costs incurred from third parties that were initially paid by the Advisor on behalf of the Company. The amount receivable as of December 31, 2021 includes \$0.7 million of estimated amounts charged to the Company by certain vendors for which the Company believes it was either overcharged or which were never performed. During the six months ended June 30, 2022, the Company incurred \$0.2 million of legal and accounting costs related to the investigation of this matter. As of June 30, 2022, the Company reimbursed the Company \$0.9 million for amounts inappropriately charged to the Company and for legal and accounting costs related to the investigation of this matter.

ORGANIZATION (Details) \$ in Millions	6 Months Ended	12 Months Ended	
	Jun. 30, 2022 USD (\$) property shares	Dec. 31, 2021 USD (\$)	Dec. 31, 2020 USD (\$)
<u>Organizational Structure [Line Items]</u>			
<u>Common stock, shares issued (in shares) shares</u>	183,346,918		
<u>Common stock, shares outstanding (in shares) shares</u>	183,346,918		
<u>KBS Capital Advisors LLC</u>			
<u>Organizational Structure [Line Items]</u>			
<u>Period of Advisory Agreement renewal</u>	1 year		
<u>Period of termination notice</u>	60 days		
<u>KBS Capital Advisors LLC Common Stock</u>			
<u>Organizational Structure [Line Items]</u>			
<u>Shares held by affiliate shares</u>	20,000		
<u>Office Properties</u>			
<u>Organizational Structure [Line Items]</u>			
<u>Number of real estate properties property</u>	1		
<u>Decrease in real estate property values, COVID-19 \$</u>	\$ 34.2	\$ 78.1	\$ 90.2
<u>Decrease in real estate property values, after decrease in capital expenditures, COVID-19 \$</u>		54.6	
<u>Decrease in estimated capital expenditures, COVID-19 \$</u>		\$ 23.5	
<u>KBS Limited Partnership II</u>			
<u>Organizational Structure [Line Items]</u>			
<u>Partnership interest in Operating Partnership</u>	0.10%		
<u>Partnership interest in the Operating Partnership and is its sole limited partner</u>	99.90%		

PLAN OF LIQUIDATION
(Details)

Mar. 05, 2020

Organization, Consolidation and Presentation of Financial Statements [Abstract]

Period of payment activities upon plan of liquidation

24 months

**LIABILITIES FOR
ESTIMATED COSTS IN
EXCESS OF ESTIMATED
RECEIPTS DURING
LIQUIDATION (Details)
\$ in Thousands**

6 Months Ended

**Jun. 30, 2022
USD (\$)**

Movement in Liquidation Accrual [Roll Forward]

<u>Beginning balance</u>	\$ (22,021)
<u>Cash Payments (Receipts)</u>	6,541
<u>Remeasurement of Assets and Liabilities</u>	(310)
<u>Ending balance</u>	(15,790)

Assets:

Movement in Liquidation Accrual [Roll Forward]

<u>Beginning balance</u>	4,415
<u>Cash Payments (Receipts)</u>	(3,815)
<u>Remeasurement of Assets and Liabilities</u>	1,183
<u>Ending balance</u>	1,783

Estimated net inflows from investments in real estate

Movement in Liquidation Accrual [Roll Forward]

<u>Beginning balance</u>	4,415
<u>Cash Payments (Receipts)</u>	(3,815)
<u>Remeasurement of Assets and Liabilities</u>	1,183
<u>Ending balance</u>	1,783

Liabilities:

Movement in Liquidation Accrual [Roll Forward]

<u>Beginning balance</u>	(26,436)
<u>Cash Payments (Receipts)</u>	10,356
<u>Remeasurement of Assets and Liabilities</u>	(1,493)
<u>Ending balance</u>	(17,573)

Liquidation transaction costs

Movement in Liquidation Accrual [Roll Forward]

<u>Beginning balance</u>	(2,760)
<u>Cash Payments (Receipts)</u>	0
<u>Remeasurement of Assets and Liabilities</u>	0
<u>Ending balance</u>	(2,760)

Corporate expenditures

Movement in Liquidation Accrual [Roll Forward]

<u>Beginning balance</u>	(4,246)
<u>Cash Payments (Receipts)</u>	2,985
<u>Remeasurement of Assets and Liabilities</u>	(1,451)
<u>Ending balance</u>	(2,712)

Capital expenditures

Movement in Liquidation Accrual [Roll Forward]

<u>Beginning balance</u>	(19,430)
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<u>Cash Payments (Receipts)</u>	7,371
<u>Remeasurement of Assets and Liabilities</u>	(42)
<u>Ending balance</u>	\$ (12,101)

**NET ASSETS IN
LIQUIDATION - Additional
Information (Details)
\$ / shares in Units, \$ in
Thousands**

**6 Months Ended
Jun. 30, 2022
USD (\$)
\$ / shares**

[Assets in Liquidation \[Abstract\]](#)

<u>Decrease in assets, net</u>	\$ 34,700
<u>Change in liquidation value of real estate property after closing costs/disposition fees</u>	\$ 34,173
<u>Additional estimated liquidation distribution (in dollars per share) \$ / shares</u>	\$ 0.93

**NET ASSETS IN
LIQUIDATION - Change in
Liquidation Value (Details)
\$ in Thousands**

**6 Months Ended
Jun. 30, 2022
USD (\$)**

[Assets in Liquidation \[Abstract\]](#)

<u>Change in liquidation value of real estate property after closing costs/disposition fees</u>	\$ (34,173)
<u>Change in estimated cash flow during liquidation</u>	(268)
<u>Change in estimated capital expenditures</u>	(42)
<u>Other changes, net</u>	(214)
<u>Changes in net assets in liquidation</u>	\$ (34,697)

REAL ESTATE (Details) \$ in Thousands	Jun. 30, 2022 USD (\$) ft ²	Dec. 31, 2021 USD (\$)
<u>Real Estate Properties [Line Items]</u>		
<u>Real estate</u>	\$ 153,497	\$ 188,383
<u>Office Properties Union Bank Plaza</u>		
<u>Real Estate Properties [Line Items]</u>		
<u>Rentable square feet ft²</u>	701,888	
<u>Real estate</u>	\$ 153,500	
<u>Percentage of real estate occupied</u>	59.00%	

RELATED PARTY TRANSACTIONS (Details) - USD (\$) \$ in Thousands	3 Months Ended		6 Months Ended		12 Months Ended
	Jun. 30, 2022	Jun. 30, 2021	Jun. 30, 2022	Jun. 30, 2021	Dec. 31, 2021
<u>Related Party Transaction [Line Items]</u>					
<u>Receivable as of</u>	\$ 5		\$ 5		\$ 727
<u>Payable as of</u>	6		6		29
<u>Administrative fees</u>	8	\$ 76	24	\$ 163	
<u>Advisor and Dealer Manager</u>					
<u>Related Party Transaction [Line Items]</u>					
<u>Expenses</u>	533	1,571	1,065	3,135	
<u>Receivable as of</u>	5		5		727
<u>Payable as of</u>	6		6		29
<u>Advisor and Dealer Manager Overcharged Fees</u>					
<u>Related Party Transaction [Line Items]</u>					
<u>Incurred (reimbursed)</u>					700
<u>Advisor and Dealer Manager Legal and Accounting</u>					
<u>Costs</u>					
<u>Related Party Transaction [Line Items]</u>					
<u>Incurred (reimbursed)</u>			200		
<u>Advisor and Dealer Manager Overcharged Fees,</u>					
<u>Legal and Accounting</u>					
<u>Related Party Transaction [Line Items]</u>					
<u>Incurred (reimbursed)</u>			(900)		
<u>Advisor and Dealer Manager Asset management fees</u>					
<u>Related Party Transaction [Line Items]</u>					
<u>Expenses</u>	525	1,476	1,039	2,914	
<u>Receivable as of</u>	0		0		0
<u>Payable as of</u>	0		0		0
<u>Advisor and Dealer Manager </u>					
<u>Reimbursement of operating expenses</u>					
<u>Related Party Transaction [Line Items]</u>					
<u>Expenses</u>	8	\$ 95	26	\$ 221	
<u>Receivable as of</u>	5		5		727
<u>Payable as of</u>	\$ 6		\$ 6		\$ 29

SUBSEQUENT EVENTS
(Details) - Office Properties
\$ in Thousands

Jul. 20, 2022 **Sep. 15, 2010**
USD (\$) **a**
ft²

[Subsequent Event | Union Bank Plaza | Disposed of by Sale](#)

[Subsequent Event \[Line Items\]](#)

[Consideration](#)

\$ 155,000

[Earnest money maybe forfeited](#)

\$ 7,500

[Union Bank Plaza](#)

[Subsequent Event \[Line Items\]](#)

[Net rentable area \(in sq feet\) | ft²](#)

701,888

[Area of land \(in acres\) | a](#)

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