

## REAL ESTATE PURCHASE AND SALE AGREEMENT

**THIS REAL ESTATE PURCHASE AND SALE AGREEMENT** (“Agreement”) is made and entered into as of \_\_\_\_\_, 2007, by and between **KING COUNTY**, a municipal corporation and political subdivision of the State of Washington (the “Seller”) and **NORTH LOT DEVELOPMENT, L.L.C.**, a Delaware limited liability company (the “Buyer”).

### RECITALS

**A.** Seller owns that certain real property located in the City of Seattle, County of King, State of Washington, which consists of approximately 167,504 square feet, or 3.85 acres, the legal description of which is attached hereto as **EXHIBIT A** (the “Property”).

**B.** Seller is desirous of selling the Property and Buyer is desirous of purchasing the Property.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the promises and mutual covenants contained herein, and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

#### ARTICLE 1. PURCHASE AND TRANSFER OF ASSETS

**1.1. PROPERTY TO BE SOLD.** Subject to and upon the terms and conditions set forth in this Agreement, Seller shall sell, convey, assign, transfer and deliver to Buyer on the Closing Date (as hereinafter defined in Section 10.1 of this Agreement) and Buyer shall buy, assume and accept from Seller on the Closing Date the following assets and properties:

**1.1.1.** the Property;

**1.1.2.** all of the improvements and structures located on the Property, if any;

**1.1.3.** all of Seller’s right, title and interest in and to tangible personal property, if any, owned by the Seller and attached, appurtenant to or used in connection with the Property (“Personal Property”);

**1.1.4.** all of Seller’s tenements, hereditaments, easements and rights appurtenant to the Property including but not limited to, all of the Seller’s right, title, and interest in and to streets, alleys or other public ways adjacent to the Property, easements for public utilities, all

sewers and service drainage easements, all rights of connection to the sewers, and all rights of ingress and egress, and all leases, licenses, government approvals and permits affecting the Property.

Hereinafter, the items listed in Section 1.1 are collectively referred to as the "Purchased Assets."

## ARTICLE 2. PURCHASE PRICE

**2.1. PURCHASE PRICE AND PAYMENT.** In consideration of the sale, transfer, conveyance, assignment and delivery of the Purchased Assets, Buyer shall, in full payment therefore, pay to Seller on the Closing Date a total purchase price of **Ten Million One Hundred and Ten Thousand Dollars and Zero Cents (\$10,110,000.00)** (the "Purchase Price").

**2.2. ALLOCATION OF PURCHASE PRICE.** Seller and Buyer agree that the entire Purchase Price is allocable to real property and that the value of the Seller's Personal Property, if any, is *de minimus*.

**2.3. EARNEST MONEY.** Not later than five (5) days following the Date of this Agreement, Buyer shall deposit with Escrow Agent (defined in Section 10.2 below) a promissory note ("Note") in the sum of Five Hundred Thousand Dollars (\$500,000.00) as the initial earnest money deposit (the "Earnest Money") in the form attached hereto as **EXHIBIT B**. The Earnest Money Note shall be replaced with cash within three (3) business days after the end of the Due Diligence Period or upon notification by Buyer that Buyer has removed Buyer's Contingencies. The Earnest Money, once converted to cash, will be deposited into an interest bearing escrow account by the Escrow Agent at a financial institution approved by Buyer, and all interest accruing thereon shall become a part of the Earnest Money. Except as provided in Section 4.1.5, Earnest Money shall become non-refundable after all Contingencies hereinafter described are satisfied or waived by the parties during the Due Diligence Period (as the same may be extended). Upon closing of this transaction, the Earnest Money shall be credited against the Purchase Price.

## ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF THE PARTIES

**3.1. WARRANTIES AND REPRESENTATIONS OF SELLER.** Seller represents and warrants as follows:

**3.1.1. Definition of Seller.** The Seller is a municipal corporation and subdivision of the State of Washington duly organized, validly existing and in good standing under the laws of the State of Washington. Seller has all requisite corporate power and authority to carry on its business as it is now being conducted in the place where such businesses are now

conducted.

**3.1.2. Execution, Delivery and Performance of Agreement, Authority.** The execution, delivery and performance of this Agreement by Seller (i) is within the powers of Seller as a municipal corporation, (ii) has been or will be on or before the Closing Date, duly authorized by all necessary action of the Seller's legislative authority, and (iii) does not and will not violate any provision of any law, rule, regulation, order, writ, judgment, decree, agreement or award to which the Seller is a party to or which is presently in effect and applicable to Seller. This Agreement constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with the terms thereof.

**3.1.3. Assessments.** There is no pending, or to the best of Seller's knowledge, contemplated local improvement district or other special assessment or charge with respect to the Property, except as may be disclosed in the Title Commitment described in Section 4.1 of this Agreement.

**3.1.4. Full Disclosure.** No representation or warranty by Seller in this Agreement or in any instrument, certificate or statement furnished to Buyer pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or fail to state a material fact which is necessary to make the statements set forth therein not false or misleading.

**3.1.5. No Broker.** No broker, finder, agent or similar intermediary has acted for or on behalf of Seller in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker's, finder's or similar fee or commission in connection with this Agreement based on an agreement, arrangement or understanding with Seller or any action taken by Seller.

**3.1.6. Contracts.** There are no contracts or other obligations outstanding for the sale, exchange, transfer, lease, rental or use of the Property or any portion thereof.

**3.1.7. Future Agreements.** From and after the date hereof, except as set forth herein or unless this Agreement is terminated in accordance with its terms, Seller shall not, without the prior written consent of Buyer, which shall not be unreasonably withheld, delayed or conditioned, enter into any agreement, contract, commitment, lease or other transaction that affects the Property in any way. Seller is authorized to enter into and execute the amendments to the legal descriptions for the Weller Street Bridge Pedestrian Easement, which was recorded under recording number 20061201000126 on 12/01/2006.

**3.1.8. Claims.** Except as disclosed in writing to Buyer, Seller has not received and Seller has no knowledge of any pending or threatened claims or lawsuits affecting or concerning the Property or that could adversely affect Seller's ability to complete the sale contemplated by this Agreement;

**3.1.9. Violations of Law.** Seller has received no written notice of, and it has no knowledge of, any violation of any applicable zoning regulation, ordinance or law (including environmental laws) affecting or relating to the use, condition, or occupancy of the Property.

**3.1.10. Foreign Person.** Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7701 (a) (30) of the Internal Revenue Code of 1986, as amended (the "Code") and shall deliver to Buyer prior to the Closing Date, an affidavit, as set forth in **EXHIBIT C (Certificate of Non-Foreign Status)**, evidencing such fact, and such other documents as may be required under the Code.

**3.1.11. Seller's Knowledge.** Any and all representations or warranties based on Seller's knowledge are made to and limited by the present, actual knowledge of Bob Thompson, who is an employee King County, and is the Program Manager, Inventory and Sales of the Real Estate Service Section. Bob Thompson has made no inquiries or investigations with respect to Seller's representations and warranties prior to the making thereof and has no duty to undertake the same.

**3.1.12. Stadium Agreements and Claim.** Seller and Buyer acknowledge the existence of a series of agreements relating to the conveyance to the Washington State Public Stadium Authority ("PSA") by Seller of the land upon which the Qwest Field and Exhibition Center and associated facilities ("Stadium and Exhibition Center") are located, and the retention by Seller of the Property ("Stadium Agreements"), and the related potential claim of the PSA to the Property or against conveyance of the Property by Seller under RCW ch. 36.102 ("Stadium Claim"). The Stadium Agreements are the Agreement and Letter of Intent, dated June 25, 1998, the Agreement on Stadium and Exhibition Center Property Contributions and Reservations of Possessory rights dated September 30, 1998, the Special Use Agreement dated December 11, 1998, the General Assignment of the Special Use Agreement dated April 16, 1999, the First Amendment to Special Use Agreement and Assignment of First Amendment dated January 26, 2000, the Option Agreement for the North Half of the North Lot fully executed as of March 16, 2000, the Memorandum of Option for the North Half of the North Lot dated May 19, 2000, the Statutory Warranty Deed granted by King County to the Washington State Public Stadium Authority dated March 15, 2000, and all documents specifically referenced within these agreements. All matters related to or arising from the Stadium Agreements and Stadium Claim are excluded from the coverage of the representations and warranties of Seller in Sections 3.1.1 through 3.1.11.

**3.2. REPRESENTATIONS AND WARRANTIES OF BUYER.** Buyer represents and warrants as follows:

**3.2.1. Organization.** Buyer is a Delaware limited liability company, validly existing and qualified to do business in the State of Washington. The members of Buyer are Opus Northwest, L.L.C., a Delaware limited liability company, and Nitze-Stagen & Co., Inc., a Washington corporation. Buyer is currently, and will remain until the Project, as defined herein,

is completed, financially able to perform all obligations set forth in this Agreement. Buyer has all requisite entity power and authority to purchase the Property and perform its obligations hereunder.

**3.2.2. Execution, Delivery and Performance of Agreement, Authority.** The execution, delivery and performance of this Agreement by Buyer (i) is within the powers of Buyer as a Delaware limited liability company, (ii) has been or will be on or before the Closing Date, duly authorized by all necessary action of the Buyer's legislative authority, and (iii) does not and will not violate any provision of any law, rule, regulation, order, writ, judgment, decree or award to which the Buyer is a party to or which is presently in effect and applicable to Buyer. This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms hereof.

**3.2.3. Full Disclosure.** No representation or warranty by Buyer in this Agreement or in any instrument, document, certificate or statement furnished to Seller pursuant hereto, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact or fail to state a material fact which is necessary to make the statements set forth therein not false or misleading.

**3.2.4. No Broker.** No broker, finder, agent or similar intermediary has acted for or on behalf of Buyer in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent, or similar intermediary is entitled to any broker's, finder's or similar fee or commission in connection with this Agreement based on an agreement, arrangement, or understanding with the Buyer or any action taken by the Buyer.

#### ARTICLE 4. TITLE MATTERS

**4.1. TITLE.** Seller shall deliver to Buyer good and marketable title, free and clear of all liens, defects and encumbrances except for the Reserved Easements (as described in Section 4.4 of this Agreement), Covenants (as described in Section 4.5 of this Agreement) and Permitted Exceptions (as described in Section 4.1.3 - 4.1.5 of this Agreement).

**4.1.1. Title Commitment.** Buyer shall obtain a current ALTA form of commitment for an owner's policy of title insurance (the "Title Commitment") issued by First American Title Insurance Company (the "Title Company"), describing the Property, listing Buyer as the prospective named insured and showing as the policy amount the total purchase price for the Property, and shall have a copy of such Title Commitment with legible copies of all documents listed therein delivered by the Title Company to Seller.

**4.1.2. Survey.** Buyer shall have the option, at its expense, to have prepared and furnished to the Title Company, Buyer and Seller a survey (the "Survey") of the Property

prepared by a licensed public surveyor.

**4.1.3. Review of Title Commitment and Survey.**

a. Buyer shall have until the later of (a) thirty (30) days after the date this Agreement is fully executed by the parties, and (b) fourteen (14) days after receipt of (i) the last dated Title Commitment with legible copies of all documents listed therein, and (ii) the Survey, if any has been obtained by Buyer (the "Review Period") in which to notify Seller of any objections Buyer has to any matters shown or referred to in the Title Commitment or Survey. Any exceptions or other items that are set forth in the Title Commitment or the Survey and to which Buyer does not object within the Review Period shall be deemed to be permitted exceptions ("Permitted Exceptions"). With regard to items to which Buyer does object within the Review Period, Seller shall notify Buyer within ten (10) days after Seller receives Buyer's notice of objections of any exceptions to the title or items on the Survey which Seller is not willing or able to remove or otherwise resolve, and Buyer may, at Buyer's option, either waive the objections not cured or Buyer may terminate this Agreement by written notice to Seller. Notwithstanding the foregoing, all monetary liens or encumbrances shall be paid by Seller at Closing.

b. Seller and Buyer specifically acknowledge that the existing easement in favor of Seattle City Light, which was recorded under recording number 19990811000621 on August 11, 1999, may create problems for the Project (as hereafter defined in Section 4.5.1), and that the Parties will cooperate in good faith to determine whether an adjustment to this easement may be obtained in order to better accommodate the Project.

**4.1.4. Stadium Agreements and Stadium Claim.** Notwithstanding the process set forth in Section 4.1.3, Buyer shall have the opportunity, until it removes Buyer's Contingencies under Section 5.1, to evaluate the Stadium Agreements and Stadium Claim referenced in Section 3.1.12 as part of Buyer's due diligence. Upon removal of Buyer's Contingencies, Buyer agrees that the Stadium Agreements and Stadium Claim shall be Permitted Exceptions. Further, upon removal of Buyer's Contingencies, Seller shall thereafter have no liability to Buyer for, and Buyer shall have no recourse against Seller and will waive any claims for, all matters related to or arising from the Stadium Agreements and Stadium Claim. Seller and Buyer agree that compliance with the terms of this Agreement will be deemed by Seller to satisfy the obligations of Seller and Buyer under the terms of the Stadium Agreements. Further, Seller has concluded that the Property is not necessary as part of a site for the stadium and exhibition center as that term is defined in RCW 36.102.010, and the County Council will make a determination to that effect in any Ordinance approving this Agreement.

**4.1.5. Challenge to Conveyance** If a lawsuit is filed at any time against Seller or Buyer or both Seller and Buyer challenging the conveyance contemplated by this Agreement on any grounds, then each named Party shall vigorously defend the ability of the Parties to carry out the terms of this Agreement and the Project contemplated herein and each Party shall

cooperate with the other in such defense. Seller shall not, however, be required to vigorously defend such a lawsuit to the extent the subject matter of the lawsuit arises from Buyer's failure to comply with the terms of this Agreement and the Deed (if conveyance has occurred), and Seller may seek any remedies available under this Agreement for such failure to comply. If a lawsuit as described in this Section 4.1.5 is filed and a Court enters an order, judgment, or injunction that permanently prohibits or voids the conveyance contemplated by this Agreement and any applicable appeal period has expired without an appeal being filed, then either Party may terminate this Agreement and neither party shall have any further rights or obligations to the other, except that Buyer shall be entitled to a refund of any money paid to Seller prior to such termination, except for any non-refundable extension payment under Section 5.3 of this Agreement for an extension that moved Closing beyond June 30, 2008. Provided, however, that if there is an appeal of such order, judgment, or injunction then each named Party shall continue to vigorously defend and cooperate in the manner required in this Section 4.1.5 prior to such appeal, and the decision to terminate this Agreement must be mutual. All deadlines hereunder shall be extended pending any such appeal and the parties agree to enter into good faith renegotiations of the terms of this Agreement based on the outcome of such appeal. If such lawsuit is filed and a Court temporarily enjoins the conveyance contemplated by this Agreement prior to Closing, then the deadlines for performance under this Agreement shall be extended for the same period of time as the temporary injunction. This Section shall apply notwithstanding the representations and warranties of the Parties in Article 3 of this Agreement, and the non-refundable nature of extension payments described in Section 5.3 of this Agreement. The provisions of this Section 4.1.5 shall also be a Permitted Exception.

**4.2. OWNER'S TITLE INSURANCE POLICY.** At the closing, Buyer shall receive an extended coverage owner's policy of title insurance to be issued by the Title Company in the full amount of the purchase price, effective as of the Closing Date, insuring Buyer that the fee simple title to the Property is vested in Buyer, subject only to the usual printed exceptions contained in such title insurance policy, to the Permitted Exceptions and such easements and covenants as are agreed to by the Parties as provided by Sections 4.4 and 4.5 of this Agreement and attached to the Deed, and to any other matters approved in writing by Buyer.

**4.3. CONVEYANCE.** Seller shall convey to Buyer the title to the Property by Statutory Warranty Deed ("Deed"), subject to the Permitted Exceptions and such easements and covenants as are agreed to by the Parties as provided by Sections 4.4 and 4.5 of this Agreement.

**4.4. RESERVED EASEMENTS.** Seller shall reserve the following easements in the Deed (as defined in Section 4.3 herein):

**4.4.1. Transit Easements.** Seller shall reserve Transit Easements for bus ingress, egress and through travel and for temporary bus stops on the Second and Third Avenue Extensions on the Property sufficient in scope to allow solely for occasional and short term use, such as that in conjunction with special event service associated with Qwest Field and the Exhibition Center, when use of other nearby streets is not reasonably

available or permitted. In preparing the Transit Easements as required by Section 5.4 of this Agreement, Buyer and Seller shall coordinate with one another to identify the appropriate locations and dimensions of the Transit Easements, which locations and dimensions shall be sufficient to allow the uses authorized by the Transit Easements.

**4.4.2. Odor Control Facility Easements.** Seller shall reserve an Odor Control Facility Access and Maintenance Easement that will allow access to the Stationmaster's Garden along the Third Avenue Extension and maintenance activities in the portion of the Third Avenue Extension near the Stationmaster's Garden. Seller shall also reserve an Odor Control Facility Utility easement for the installation, operation and maintenance of an underground utility connection within the Third Avenue Extension between King Street and the Stationmasters Garden, and between the Stationmasters Garden and the Weller Street Bridge in the location of the City Light easement in that area. If Closing occurs before December 31, 2007, Seller may also reserve a temporary construction easement over a portion of the Property that will terminate on December 31, 2007.

**4.4.3. Fiber Optic Line Easement.** Seller shall reserve a Fiber Optic Line Easement that will authorize the installation, operation, maintenance, repair and replacement of the existing underground Fiber Optic Line in the Third Avenue Extension in its current location or an alternative location to be agreed to by the Parties. In preparing the Fiber Optic Line Easement as required by Section 5.4 of this Agreement, Buyer and Seller shall coordinate with one another to identify the appropriate locations and dimensions of the Easement, which locations and dimensions shall be sufficient to allow the uses authorized by the Fiber Optic Line Easement.

**4.5. COVENANTS.** The Deed (as defined in Section 4.3 herein) shall include the following restrictive covenants, which covenants shall run with the land for the sole benefit of the County and the County's significant interests in land, both fee and easement adjacent to and in the vicinity of the Property. Seller and Buyer agree that the County and its successors in interest shall have standing to enforce these covenants. The covenants shall be enforced with the remedies set forth in Section 12.4 of this Agreement. Buyer and Seller further agree that these covenants may also be enforced by the Parties hereto as a matter of contract through this Agreement, and that these covenants shall be binding obligations on Buyer when this Agreement is fully executed.

Buyer and Seller further agree and declare that the covenants and conditions contained herein shall bind and the benefits shall inure to, respectively, the Buyer and its successors and assigns and all subsequent owners of any portion of the Property or the Project, and to Seller and its successors and assigns, subject to expiration, termination, and modification thereof as specifically provided below. Each and every contract, deed or other instrument hereafter executed conveying any portion or interest in the Property or the Project, including any interest under the Washington Condominium Act, Ch. 64.32 RCW, shall contain an express provision making such conveyance subject to any covenants and conditions of this Agreement which are



then still in effect, provided however, that any such contract, deed or other instrument shall conclusively be held to have been executed, delivered and accepted subject to such covenants and conditions, regardless of whether or not such covenants and conditions are set forth or incorporated by reference in such contract, deed or other instrument. It is declared and agreed in particular that if any condominium is created in any portion of the Property or Project, the Deed and the then applicable covenants shall be attached and incorporated as conditions to the declaration, master lease, or other document creating the condominiums, and to any condominium association by-laws.

Upon satisfaction of any covenant herein Seller shall execute and record a document to memorialize such satisfaction in a form proposed by Buyer and approved by Seller, which approval shall not be unreasonably conditioned, delayed or withheld.

**4.5.1. Development Scope.** Buyer shall covenant that the development (the "Project") of the Property shall consist of the design, construction, operation and maintenance of a mixed-use development with housing as specified herein, and community friendly, ground level retail, row houses and shops, and, if determined by the Buyer, in the exercise of its best business judgment, to be economically feasible, the provision of a full service food market. All commercial and retail spaces will be designed and constructed to meet LEED Certification. This covenant shall expire upon the completion of the construction of the Project in a manner consistent with the requirements of this Agreement, including without limitation, the development schedule requirements in Section 4.5.11 of this Agreement.

**4.5.2. Housing.** Buyer shall covenant that the development shall include at least 350,000 gross square feet of housing, not including parking, for multiple income levels and family sizes and include a minimum of 400 housing units, of which a minimum of 200 housing units shall be ownership units. Sixty percent of the development's gross square footage allowable under current zoning, height limits imposed by the Stadium View Corridor in Section 4.5.7 of this Agreement and any easements existing at the time this Agreement is entered into, not including parking, must be housing. If the gross square footage of the development is increased, because of a change in zoning to allow for an increase in the height of buildings within the development, and if Buyer concludes that it is inappropriate to extend the sixty percent housing requirement to the larger development, based on information gained about the site during Buyer's development feasibility analysis, Buyer may present this information to Seller and the City of Seattle and develop the property pursuant to an alternative development plan as to the percentage of the development that must be housing only, provided that such alternative development plan is approved by the King County Executive and the Mayor of the City of Seattle. All housing units in the development must meet either LEED Certification or Built Green Certification at the highest level determined to be economically feasible by Buyer, in the exercise of its best business judgment. This covenant shall expire upon the

completion of the construction of the Project in a manner consistent with the requirements of this Agreement, including without limitation, the development schedule requirements in Section 4.5.11 of this Agreement.

**4.5.3. Affordable Housing.** Buyer shall covenant that at least 100 of the housing units in the development must be affordable housing, as described below ("Affordable Housing," which includes "Affordable Ownership Units" and "Affordable Rental Units"). This requirement may be achieved through the provision of Affordable Ownership Units, Affordable Rental Units or a combination of both forms of Affordable Housing, to households meeting the following criteria for a period of at least twenty (20) years from initial occupancy of the units:

- a. If the development includes Affordable Ownership Units, the units must be sold to households earning no more than 100% of the annual median income for King County. Affordable Ownership Units must be occupied only as the household's sole primary residence.
- b. If the development includes Affordable Rental Units, the units must be available to households earning no more than 60% of the annual median income for King County.
- c. Median income amounts shall be defined by the HUD Income Guidelines for King County in effect at the time the units are rented or sold.
- d. All Affordable Housing units must have the same basic finish or features as those in non-luxury market rate units. Tenants or owners of Affordable Housing units must have the same access to all facilities and programs, other than parking, as non-luxury market rate tenants. Consistent with the Project's upgrade policy for non-luxury units, all initial purchasers of Affordable Ownership units shall be given the opportunity to upgrade their unit's finish at their expense.
- e. As a guide, Affordable Housing units should be at least: 500 useable square feet if studio, 700 usable square feet if 1 bedroom, 800 usable square feet if 2 bedroom/1 bathroom, 900 usable square feet if 2 bedroom/2 bathrooms, and 1,000 usable square feet if 3 bedrooms. The average size of Affordable Housing studio units should be 550 usable square feet.
- f. At least 35% of the Affordable Housing units shall consist of two or more bedrooms.

**4.5.4. Workforce Housing.** Buyer shall covenant to provide to the extent, in the exercise of its best business judgment, it determines economically feasible, Workforce Housing units, which may be either Workforce rental or Workforce ownership units. Workforce Housing units shall be rented or sold to households earning no more than 115% of annual median income, which median income shall be determined in the same manner as for Affordable Housing. This covenant shall expire upon the completion of the construction of the Project in a manner consistent with the requirements of this Agreement, including without limitation, the development schedule requirements in Section 4.5.11 of this Agreement.

**4.5.5. Public Stadium Authority Parking.** Buyer shall covenant to provide to the PSA 491 permanent on-site parking spaces, which number is calculated according to Section 10 of the Agreement and Letter of Intent dated June 25, 1998, to replace PSA's existing parking spaces on the Property, and to provide the PSA temporary on or off-site parking spaces to replace PSA's existing parking spaces to the extent such spaces are displaced during construction. The design and operation of, and form of interest in the permanent replacement parking, and the design and operation of the temporary replacement parking must be acceptable to the PSA. The location of the temporary replacement parking must be acceptable to the PSA if it is not located on the Property. The PSA shall be permanently entitled to the net revenue stream (gross revenue less operation and maintenance costs) for the temporary and permanent replacement parking spaces. This covenant shall run in perpetuity. Buyer may, however, be relieved of complying with some or this entire covenant with the written consent of the PSA.

**4.5.6. King Street Station Parking.** Buyer shall covenant to provide at least 70 on-site pay-for-parking spaces to be available for use by persons visiting King Street Station. This parking shall be located in the Project and near King Street Station and be readily identifiable to the public. Buyer shall be entitled to retain revenue from this parking. Parking rates shall be set by Buyer and may not exceed market rates for the vicinity. This covenant shall run in perpetuity. Buyer may, however, be relieved of complying with some or this entire covenant with the written permission of the owner of the King Street Station.

**4.5.7. Stadium View Corridor.** Buyer shall covenant that the development on the Property shall not exceed 70 feet in height, measured in the manner for measuring height required by the applicable portions of Seattle Municipal Code Section 23.86.006 to which Buyer vests in its filing of an application for a master use permit, for a distance of 60 feet on each side of the 90-foot-wide easement on the Second Avenue Extension that is granted to the PSA, unless written approval is obtained from the PSA and First and Goal, Inc. ("FGI") or its successor in interest. This view covenant is intended to provide a view corridor to and from the Stadium located to the South of the Property, which Stadium is owned by the PSA. This covenant shall run in perpetuity.

**4.5.8. PSA and FGI Comments.** Buyer shall covenant to provide FGI and PSA the right to early review and comment on Buyer's development plans for the North Half Lot. This covenant shall expire upon the completion of the construction of the Project in a manner consistent with the requirements of this Agreement, including without limitation, the development schedule requirements in Section 4.5.11 of this Agreement.

**4.5.9. Stadium and Exhibition Center Operations.** Buyer shall covenant that it waives any right to complain of noise, lighting, or any other function of a normally operating Stadium and Exhibition Center facility that is in compliance with applicable noise and other regulations, and that this covenant will be included in any lease or deed for housing on the Property. This covenant shall run in perpetuity.

**4.5.10. Special Use Agreement.** Buyer shall covenant that it shall notify the PSA and FGI to cease use of the Property consistent with section II(A)(5) of the Special Use Agreement dated December 11, 1998 as amended and assigned, and Section 9(c) of the Agreement and Letter of Intent dated June 25, 1998. This covenant shall expire upon the completion of the construction of the Project in a manner consistent with the requirements of this Agreement, including without limitation, the development schedule requirements in Section 4.5.11 of this Agreement.

**4.5.11. Development Schedule.** Buyer shall covenant that it shall take all reasonable steps to commence development of the Project by July 1, 2008, and that in no event shall it commence construction later than twenty four (24) months after the Closing Date. Buyer shall complete construction of the Project no later than ten (10) years after commencement of construction. Seller acknowledges that the Project will be completed in multiple phases over a period of years. The foregoing deadlines are subject to extension upon prior written approval by Seller; such approval not to be unreasonably withheld, conditioned, or delayed. Seller must receive any request for an extension from Buyer at least ten (10) business days prior to the applicable deadlines. This covenant shall expire upon the completion of the construction of the Project in a manner consistent with the requirements of this Agreement.

#### **4.6. Compatibility.**

**4.6.1.** Buyer shall ensure that the development of the Project and the Project when completed shall be generally compatible with and integrate well with existing and planned land uses in the surrounding area, including pedestrian corridors, transportation corridors, and intermodal transportation connectivity, and specifically shall be compatible with the continuing operation of the Stadium and Exhibition Center owned by the PSA. The Parties anticipate that this requirement of this Agreement shall be complied with through Buyer's or its successors or assigns satisfaction of conditions imposed through regulatory permitting process for the Project.

**4.6.2. Circulation Plan and Staging.** The North Half Lot is currently used by PSA for parking and, as necessary, by PSA and its tenants for staging for events at the Stadium and Exhibition Center. This Agreement requires Buyer to provide PSA with permanent replacement parking on the Property, in which the design, operation and form of interest in must be acceptable to PSA, and temporary replacement parking, in which the design and operation must be acceptable to PSA. While the replacement parking being provided by Buyer might, in some instances, serve as a staging area, it is not contemplated that it would provide a clear-height staging area.

The amount of future space required for staging for Exhibition Center and Stadium events is difficult to quantify, as is the number of event days each year requiring maximum staging areas. Nonetheless, large consumer and other shows have grown in size and number since the Stadium and Exhibition Center opened and will likely continue to use the Stadium and Exhibition Center after the Property is developed. It is reasonable to expect that the need for clear-height staging for these large shows will increase, not diminish.

Seller has explored with the City of Seattle various options for staging large events using some of the streets in and around the Property, and the City has committed to allowing some event staging on Occidental Avenue South. It is anticipated that the City's commitment will be documented in a "term permit" or other form of long-term approval for the intermittent use of the street for staging. In addition, the City previously committed to Seller to designate S. Royal Brougham Way between the mainline railroad tracks and Occidental Avenue S. as a local access street, if phase II of the SR 519 project is built and the railroad crossing at S. Royal Brougham Way is closed. In such case, the City also committed to work on a street design for this segment of Royal Brougham that would allow use of the street area for event staging.

Nonetheless, such on-street staging may not fully replace the loss of clear-height staging area currently provided by the Property. Overall traffic circulation through and around the Property, the Stadium, and the Exhibition Center, and the entire Pioneer Square and south downtown area must be maintained if the proposed development is to be successful, and if the success of current area uses is to continue. The impacts of traffic and circulation must also be addressed so that businesses, residents, tenants, and uses of the development and surrounding area continue to have access, regardless of whether events are being staged or held at the Stadium and the Exhibition Center.

Therefore, as part of the development, Buyer agrees at its sole expense to prepare a traffic, circulation, and staging study designed to inform Buyer of the traffic and circulation issues that arise during the staging of large events. This study will be prepared early in the design development process so that the staging needs of events at the Stadium

and the Exhibition Center can be understood, alternatives considered, and reasonable measures evaluated during the design process regarding lost clear-height staging. In preparing the study, Buyer and its consultants agree to receive and consider input from the PSA and FGI. The information developed in the course of this study will be used in planning the site layout, design, and circulation elements of the development. Seller is expressly not requiring Buyer to replace the lost staging area. In addition, any accommodations made by Buyer in its development of the Property will be the sole responsibility of Buyer, without recourse to Seller.

**4.7. TERMINATION OR INVALIDATION OF STADIUM AGREEMENTS.** If the Agreement and Letter of Intent, dated June 25, 1998, the Agreement on Stadium and Exhibition Center Property Contributions and Reservations of Possessory rights dated September 30, 1998, and related agreements are terminated or invalidated by a court of competent jurisdiction prior to Closing, the Parties agree that any and all terms and conditions of this Agreement that derive from or relate to the Stadium Agreements will no longer be required by the Stadium Agreements and may be renegotiated along with the Purchase Price, and that the Parties will in good faith enter into such negotiations upon the written request of either Party.

## **ARTICLE 5. INSPECTION AND CONTINGENCIES**

**5.1. BUYER'S DUE DILIGENCE CONTINGENCY.** Buyer shall satisfy itself by investigation and inspection, at its cost and expense and in its sole and absolute discretion that the condition of the Property for Buyer's contemplated use and the feasibility of Buyer's intended redevelopment of the Property (including zoning, land use, building code, environmental (including appropriate concurrence from the Department of Ecology to enable development activities which meet the substantive requirements of the Model Toxics Control Act), financial, (leasing and financing matters) meet with its approval, and that Buyer shall be able to obtain a master use permit and building permits for the Buyer's intended development of the Property. If Buyer approves of the condition of the Property and the feasibility of the redevelopment and obtains the permits, Buyer agrees to notify Seller, in writing, thereby removing the contingency ("Buyer's Contingencies"). Buyer shall make such determination on or before the later of: (a) 5:00 pm on March 20, 2008 or (b) the later of thirty (30) days after (i) Seller has removed its contingencies or (ii) the deadline for Seller to remove its contingencies under section 5.2 below ("Due Diligence Period"). In the event this contingency is not satisfied or waived by Buyer within the Due Diligence Period (as the same may be extended pursuant to Section 5.3 below), either Party may terminate this Agreement upon written notice to the other, and neither party shall have any further rights or obligations to the other hereunder.

**5.1.1. Inspections.** During the Due Diligence Period, Buyer, its designated representatives or agents shall have the right at Buyer's expense to (i) perform any and all tests, inspections, studies, surveys or appraisals of the Property deemed necessary, on any subject, by the Buyer (subject to the limitations set forth below and Section 5.1.2 Right of Entry); (ii) obtain

