

**BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

For an Accounting Order Authorizing Deferred Accounting Treatment for terminating and removing a transferable purchase option from a building lease agreement.

Docket No. UE-07 _____

PETITION OF
PUGET SOUND ENERGY, INC.
FOR AN ACCOUNTING ORDER

I. INTRODUCTION

1. In accordance with WAC 480-07-370(b), Puget Sound Energy, Inc. ("PSE" or the "Company") respectfully petitions the Commission for an order that authorizes the deferred accounting treatment detailed in this Petition related to the termination and extinguishment of a purchase option in the lease for PSE's corporate headquarters facilities in Bellevue. As described more fully below, PSE proposes to use the proceeds (approximately \$18.9 million) to offset future scheduled increases under the lease.

2. PSE is requesting in this Petition that the Commission approve: (1) deferred accounting treatment for the proceeds, net of incremental transaction costs, resulting from a Settlement Agreement to amend the PSE lease for its corporate headquarters buildings by terminating and removing the purchase option and by extending the existing lease terms in consideration of a \$20 million (USD) payment to the Company by Summit REIT, Inc. and (2) amortization of the total deferred balance over seven years commencing January 1, 2008 and shaped in accordance with scheduled near-term contractual lease increases as shown in attached Exhibit A. The proceeds net of transaction costs are approximately \$18.9 million.

3. It was anticipated, in negotiating this transaction, that the monetary consideration received would be used in an effort to offset near-term contractual lease increases. Accordingly, this accounting treatment is requested in order for PSE to be able to match the transaction proceeds against such scheduled rent increases. These proceeds would otherwise cause a large lease expense reduction currently only to be followed by escalating scheduled increases in subsequent years. The Company believes that the disposition of the purchase option and related changes to the underlying lease in the manner described in this accounting petition would best serve the interests of all stakeholders.

4. PSE is engaged in the business of providing electric and gas service within the State of Washington as a public service company, and is subject to the regulatory authority of the Commission as to its retail rates, service, facilities and practices. Its full name and mailing address for purposes of this proceeding are:

Puget Sound Energy, Inc.
Attn: Karl R. Karzmar
Director, Regulatory Relations
P.O. Box 97034
Bellevue, Washington 98009-9734

PSE's representative for purposes of this proceeding is:

Sheree Strom Carson
Perkins Coie LLP
10885 N.E. Fourth Street, Suite 700
Bellevue, WA 98004-5579
Phone: 425-635-1422
Fax: 425-635-2400
scarson@perkinscoie.com

5. Rules and statutes that may be brought at issue in this Petition include

RCW 80.01.040, RCW 80.28.020, and WAC 480-07-370(b).

II. BACKGROUND

6. PSE's corporate headquarters currently occupies two office buildings known as the PSE building and the PSE East building ("Buildings") located at 10885 NE 4th and 355 110th Avenue NE, respectively, in Bellevue, Washington. PSE leases the Buildings from Summit REIT, Inc. under a long-term lease agreement.

7. In May, 2004, PSE entered into the Fifth Amendment¹, attached herewith as Exhibit B, of its building lease with Summit REIT, Inc. to include approximately 224,000 square

¹ The Fifth Amendment to Lease Agreement ("Fifth Amendment") made as of the 20th day of May, 2004 (the "Effective Date"), by and between SUMMIT REIT, INC., a Maryland corporation, successor in interest to BTC SEATTLE LLC, a Delaware limited liability company, Landlord") and PUGET SOUND ENERGY, INC., a Washington corporation ("Tenant")

feet of additional office space in what is now referred to as the PSE General Office Complex East Building. Section 36 of this amendment grants PSE a one time right ("Purchase Option") to purchase the entire project², or such portion not previously sold by giving notice to Landlord on or before the fifth (5th) anniversary of the building rent commencement (September, 2005). PSE anticipated the purchase price to be approximately \$212 million.

8. Current real estate market conditions in downtown Bellevue have been very strong and recent sales indicate aggressive underwriting for high quality buildings and high credit tenants. These conditions would make this building complex attractive to investors. Having no interest, in this strong market, in owning or operating the building complex, PSE elected to monetize the value of its purchase option and negotiated with the Landlord to terminate and remove the Purchase Option from the 5th Amendment in consideration of a cash payment in the amount of twenty million dollars (\$20,000,000). By monetizing the option, the Company is better able to channel its pressing demands for capital resources towards the higher priority need to acquire generating resources and customer service infrastructure improvements.

9. Accordingly, on June 15, 2007, pursuant to a letter agreement dated May 30, 2007, to amend the PSE lease for the Summit buildings by terminating and removing the purchase option and by extending the existing lease terms in consideration of the \$20 million (USD) payment by Summit REIT, Inc., PSE entered into the Eighth³ and Ninth⁴ Amendments to

² The project consists of the three building office complex encompassing the Summit Ridge Building, the PSE Building and the PSE East Building including the underlying garage complex.

³ Eighth Amendment to Lease Agreement ("Eighth Amendment") executed the 15th day of June, 2007, by and between SUMMIT REIT, INC., a Maryland corporation, successor in interest to BTC SEATTLE LLC, a Delaware limited liability company ("Landlord"), and PUGET SOUND ENERGY, INC., a Washington corporation ("Tenant")

Lease Agreement between Summit REIT, Inc., as Landlord, and PSE, as Tenant and a corresponding Settlement Agreement⁵ attached herewith as Exhibits C, D and E, respectively. The transaction closed on June 15, 2008.

10. The Purchase Option was granted by the owner of the building as an additional incentive for PSE to sign the original lease agreement. The Purchase Option had no value associated with it prior to the current monetization, and therefore, the Purchase Option has not previously been included in utility operating expense or rate base. The realized value of the Purchase Option is a negotiated amount between PSE and the building owners based on current market conditions.

III. PROPOSED ACCOUNTING TREATMENT

11. The Company proposes in this Petition to defer the net proceeds associated with the monetization of the Purchase Option and extension of the existing lease terms as a deferred credit in account 254, Other Regulatory Liabilities, commencing with the effective date of the Commission's order in this action and ending with the completion of the proposed shaped amortization, which is expected to be in December 2014. Similarly, deferred federal taxes

⁴ Ninth Amendment to Lease Agreement ("Ninth Amendment") made as of the 15th day of June, 2007, by and between SUMMIT REIT, INC., a Maryland corporation, successor in interest to BTC SEATTLE LLC, a Delaware limited liability company ("Landlord"), and PUGET SOUND ENERGY, INC., a Washington corporation ("Tenant")

⁵ Settlement Agreement entered into effective June 14, 2007, by and between SUMMIT REIT, INC., a Maryland corporation ("Summit"), and PUGET SOUND ENERGY, INC., a Washington corporation ("PSE")

resulting from this treatment shall be recorded in account 190, Accumulated Deferred Income Taxes.

12. PSE proposes that such deferred amounts, shall be amortized over seven years in accordance with the shaped amortization schedule, as shown in Exhibit A, commencing January 1, 2008 and ending December 31, 2014. The monthly amortization amount would change annually in accordance with the schedule. As shown in Exhibit A, the amount of amortization for each year is based on the contractual change in lease payments each year from 2008 to 2014.

13. In future general rate cases, any remaining deferral amounts, net of associated deferred federal taxes, shall be subject to working capital treatment to the extent that it may exist, much like and consistent with the treatment afforded in Docket No. UE-060019, in connection with the \$55 million capacity payment received from Duke Energy Trading and Marketing (also known as "DETM").

IV. PRAYER FOR RELIEF

14. Based on the foregoing, PSE respectfully requests that the Commission issue an Accounting Order in the form attached as Exhibit F.

DATED this 13th day of September 2007.

PERKINS COIE LLP


By Sheree Strom Carson by Jason Kyrn
Sheree Strom Carson
Attorneys for Puget Sound Energy, Inc.

VERIFICATION

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)


Karl R. Karzmar, being first duly sworn, on oath deposes and says:

That he is Director of Regulatory Relations with Puget Sound Energy, Inc., that he has read the foregoing Petition of Puget Sound Energy, Inc. for An Accounting Order, that he knows the contents thereof, and that he believes the same to be true to the best of his knowledge and belief.



Karl R. Karzmar

SUBSCRIBED and SWORN to before me this 13th day of September 2007.



Print Name: CYNTHIA MAIN
Notary Public in and for the State of Washington,
residing at Kirkland, WA
My commission expires: 9-29-07

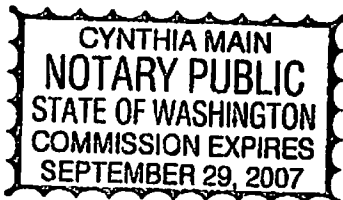


Exhibit A

In the Matter of the Petition of PUGET SOUND ENERGY, INC. For an Accounting Order Authorizing Deferred Accounting Treatment for terminating and removing a transferable purchase option from a building lease agreement.

Scheduled Summit and PSE building near term contractual lease increases and proposed offsetting shaped amortization

Rent Increases		
	Lease Increase	Cumulative Lease Increase
2007	Redacted	
2008		
2009		
2010		
2011		
2012		
2013		
2014		

Proposed Amortization		
	Annual Amortization	Cumulative Amortization
2007		
2008	900,000	900,000
2009	2,100,000	3,000,000
2010	1,700,000	4,700,000
2011	3,300,000	8,000,000
2012	3,600,000	11,600,000
2013	3,900,000	15,500,000
2014	3,400,000	18,900,000

CONFIDENTIAL
Per WAC 480-07-160

Exhibit B

In the Matter of the Petition of PUGET SOUND ENERGY, INC. For an Accounting Order Authorizing Deferred Accounting Treatment for terminating and removing a transferable purchase option from a building lease agreement.

The Fifth Amendment to Lease Agreement ("Fifth Amendment") made as of the 20th day of May, 2004 (the "Effective Date), by and between SUMMIT REIT, INC., a Maryland corporation, successor in interest to BTC SEATTLE LLC, a Delaware limited liability company, Landlord") and PUGET SOUND ENERGY, INC., a Washington corporation ("Tenant")

ORIGINAL

FIFTH AMENDMENT TO LEASE AGREEMENT

This Fifth Amendment to Lease Agreement ("Fifth Amendment") is made as of the 20th day of May, 2004 (the "Effective Date"), by and between SUMMIT REIT, INC., a Maryland corporation, successor in interest to BTC SEATTLE LLC, a Delaware limited liability company, ("Landlord") and PUGET SOUND ENERGY, INC., a Washington corporation ("Tenant").

RECITALS

A. Landlord, as successor in interest to BTC Seattle LLC, is the owner of a certain office building located in Bellevue, Washington, commonly known as the Puget Sound Energy Building (as more particularly defined below, "Building B"). Tenant has leased the Premises in Building B from Landlord pursuant to the terms of that certain Lease Agreement dated June 17, 2002, as amended by a First Amendment to Lease Agreement dated January 16, 2003, a Second Amendment to Lease Agreement dated May 1, 2003, a Third Amendment to Lease Agreement dated June 16, 2003, and a Fourth Amendment to Lease Agreement dated as of May 19, 2004 (as amended, the "Lease").

B. Landlord and Tenant desire to further amend the Lease to provide for Landlord to complete construction of the adjacent office building commonly known as Building A of the Summit (as more particularly described below, "Building A"), to expand the Premises to include approximately 224,297 RSF in Building A, and to amend certain other terms of the Lease.

C. Unless otherwise defined in this Fifth Amendment, capitalized terms used herein shall have the same meaning as they are given in the Lease.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby amend the Lease as follows:

SECTION 1

Lease Data and Exhibits

1.1 Subsection 1(a) of the Lease is deleted and replaced with the following:

(a) Building Definitions.

(i) **Buildings.** Building A and Building B shall be collectively referred to as the "Buildings."

(ii) **Building B.** A 13-story office building known as the PSE Building, Building B, and located at 10885 NE 4th Street, Bellevue, Washington 98004.

(iii) **Building A.** The Summit, existing Building A, 355 110th Avenue NE, Bellevue, WA 98004 ("Building A"), as currently improved, together with the Building A Shell Additions and the Building A Tenant Improvements.

(iv) **Building Garage.** The underground parking garage for the Project.

(v) **Building A Shell Additions.** The "Building A Shell Additions" means the addition of floors 2 through 11 to Building A and the other work generally described on **Exhibit J** attached to this Fifth Amendment, all in accordance with plans, specifications and permits and other requirements of law (including such modifications as may be required by law) and this Lease.

(vi) **Building A Tenant Improvements.** The "Building A Tenant Improvements" shall mean Landlord's completion of the improvements to the Building A Premises (excluding, if applicable, the Suspended Premises) as described in subsections 2.3(b)(iii)(B), (C), and (D) of this Fifth Amendment).

(vii) **Landlord's Building A Work.** "Landlord's Building A Work" shall mean Landlord's completion of the Building A Shell Additions and Building A Tenant Improvements pursuant to the terms and conditions contained herein.

1.2 Subsection 1(c) of the Lease is deleted and replaced with the following:

(c) **Premises Definitions.**

(i) **Building B Premises.** Floors 8, 9, 10, 11 and 12 of Building B as depicted on the floor plans for such floors attached to the Lease as part of Exhibit B (the "Building B Premises"), including all tenant improvements to the Building B Premises (the "Building B Tenant Improvements").

(ii) **Building A Premises.** Approximately 224,297 RSF, as generally depicted on the floor plans for such floors attached hereto as Exhibit B-1, as determined in accordance with BOMA, including all Building A Tenant Improvements ("Building A Premises"). Except for (a) the existing athletic facilities (which includes both the Project's fitness center and Extreme Fitness presently located on the first floor of Building A; collectively, the "Athletic Facilities"), (b) the existing day care facilities (the "Day Care") located on level P1 of Building A, (c) any future occupants of the spaces occupied by the Athletic Facilities and the Day Care, and (d) the occupants of any space surrendered by Tenant, Tenant shall be the sole occupant of Building A. The Building A Premises shall consist of the following areas:

Floor	Approximate USF	Approximate RSF*
1	12,734	14,276
2	19,582	22,014
3	19,029	21,405
4	18,993	21,368
5	18,981	21,355
6	18,964	21,337
7	18,946	21,318
8	18,931	21,303
9	18,931	21,303
10	18,767	21,132
11	15,274	17,486
Total	199,132	224,297

*RSF subject to the application of the Load Factor limits set forth in subsection 1.3(d) of this Fifth Amendment.

(A) **Suspended Premises.** Floors 2 and 3 of the Building A Premises, which shall be improved pursuant to one of the following options:

(1) **Suspended Premises Option A.** Except for the Building A Shell Additions, the Suspended Premises shall not be immediately improved for, or occupied by, Tenant (other than for storage with the City of Bellevue's approval but without Landlord being obligated to make any improvements other than the Building A Shell Additions). Landlord shall not be required to provide a Building A Tenant Improvement Allowance for the Suspended Premises until such time as Tenant advises Landlord that Tenant intends to improve and occupy all or a portion of the Suspended Premises, at which time the Building A Tenant Improvement Allowance for the Suspended Premises will be disbursed in a manner consistent with the disbursement of the Building B Tenant Improvement Allowance under Section 2.3(b)(i) of this Fifth Amendment). Until a portion of the Suspended Premises is occupied by Tenant for purposes other than storage, Landlord shall not, without Tenant's consent or request, perform maintenance of or provide services to the Suspended Premises in excess of requirements of City of Bellevue code and other applicable law (for storage use, if otherwise permitted), Landlord's insurers, and Landlord's construction and manufacturers' warranties, and those conditions necessary to reasonably maintain cleanliness in the space and to maintain comfort of building occupants in other areas of Building A.

(2) **Suspended Premises Option B.** In the event this option is chosen and notwithstanding anything to the contrary contained in Section 2.3(b)(iii)(D) of this Fifth Amendment below, the Building A Tenant Improvement Allowance for the Suspended Premises shall be [redacted] per USF of the Suspended Premises and the Building A Tenant Improvement Allowance for the Suspended Premises shall be disbursed in a manner consistent with the disbursement of the Building B Tenant Improvement Allowance under Section 2.3(b)(i) of this Fifth Amendment).

(B) **Delayed Commencement Premises.** Floors 4 and 5 of the Building A Premises (the "Delayed Commencement Premises"). Landlord shall complete the Building A Tenant Improvements for the Delayed Commencement Premises pursuant to the terms and conditions set forth in subsections 2.3(b)(iii)(B), (C), and (D) of this Fifth Amendment) prior to the Building A Rent Commencement Date. Tenant shall not occupy the Delayed Commencement Premises before Delayed Commencement Premises Base Rent (defined below) commences unless Tenant first occupies all floors included in the Initial Building A Premises.

(C) **Initial Building A Premises.** All areas of the Building A Premises other than the Suspended Premises and the Delayed Commencement Premises shall be the "Initial Building A Premises."

(iii) **Premises.** The Building A Premises and Building B Premises shall be collectively referred to herein as the "Premises."

(iv) **Landlord Reservation.** Landlord reserves the right from time to time to install, use, maintain, repair, relocate and replace pipes, ducts, conduits, wires, and appurtenant meters and equipment for service to the Premises or to other parts of the Buildings or Project that are above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas of the Buildings which are located within the Premises or located elsewhere in the Buildings or Project, using reasonable care to protect the Premises, Tenant's Installations, the Tenant-supplied generator and appurtenances (if applicable), and otherwise minimize disturbance of Tenant therefrom.

1.3 *Subsection 1(d) of the Lease is deleted and replaced with the following:*

(d) Tenant's Percentages of the Buildings and Project.

The following facts are anticipated upon completion of Building A:

	Total RSF	RSF of Premises	Tenant's Percentage of each Building	Percentage of Project Represented by the portion of the Premises in each Building

Redacted

Building B	283,042	115,595	40.8% of Building B	19.5% (approximate)
Building A	241,095	224,297 (approximate)	93% of Building A (approximate)	37.9% (approximate)
Project	591,701			

Tenant's percentage of Building A ("Tenant's Percentage of Building A") shall be computed upon completion of Landlord's Building A Work by dividing the RSF of the Building A Premises by the RSF of Building A. The precise RSF and Useable Square Footage ("USF") of the Building A Premises, Building A and the Project, and any reallocation of Common Area (and corresponding adjustment of a building's Load Factor) from Building B or Summit Ridge to Building A (and corresponding adjustment to the RSF in such Building and the Building B Premises) shall be determined by Landlord and Landlord's architect, in accordance with BOMA where applicable and subject to Tenant's review and approval (which review and approval shall not be unreasonably withheld), following completion of Landlord's Building A Work. The RSF of the Project, as well as Tenant's Percentage of Building A and Tenant's Percentage of Building B, may be adjusted from time to time upon the addition and/or removal of RSF in the Project. Once the area of the Premises is so determined, Tenant's Percentage of Building A and Project (and if appropriate, Tenant's Percentage of Building B) shall be appropriately adjusted, and thereafter Tenant's Percentage of Building A, Building B, or the Project shall not be further adjusted except to reflect additions to or other modifications of the Premises, Buildings or Project. Following any adjustments to the RSF of the Premises (e.g., effective on the Building A Rent Commencement Date or any other proper recalculation to account for any other such proper adjustment), Rent payable thereafter under this Lease with respect to the Building B Premises or Building A Premises shall be appropriately modified. The Building A Tenant Improvement Allowance shall be finally determined based on the adjustments made upon completion of Landlord's Building A Work. Whenever the Premises include a floor in its entirety, all elevator lobbies and restroom facilities located on such full floor shall be considered part of the Premises (notwithstanding the fact that the elevator lobbies and restrooms in Building B were finished, and in Building A are to be finished, except for upgrades requested by Tenant and approved by Landlord, by Landlord at Landlord's cost as part of the Building B Shell and Core and Building A Shell Additions); provided, however, notwithstanding the inclusion of such elevator lobbies and restrooms in the Premises, Landlord shall not be obligated to pay any additional Building B Tenant Improvement Allowance above

or a Building A Tenant Improvement Allowance or any future allowances with respect to any square footage that is above the actual USF of the Building A Premises as determined in accordance with BOMA). RSF and similar terms shall mean rentable area as determined in

accordance with the American National Standard Method of measuring floor space in office buildings as published by the Building Owners and Managers Association International dated June 7, 1996 ("BOMA"), as modified by this Section. "Usable square feet" and similar terms shall mean Usable Area as determined in accordance with BOMA. The Load Factor for any floor in Building B occupied in full by Tenant shall not exceed thirteen and one-half percent (13.5%) and for any floor in Building A occupied in full by Tenant shall not exceed thirteen and three-quarters percent (13.75%).

1.4 Subsection 1(f) of the Lease is deleted and replaced with the following:

(f) Lease Term and Expiration Dates. Unless and except to the extent earlier terminated or extended pursuant to the terms of the Lease:

(i) Building B. The Lease term for the Building B Premises (the "Building B Lease Term") shall be as follows:

(A) Building B/Floor 12. The Lease Term commenced on June 17, 2002 and shall continue until July 13, 2013. As set forth below, Building B Base Rent commenced on August 1, 2003.

(B) Building B/Floors 8, 9, 10 and 11. The Lease Term commenced on June 17, 2002 and shall continue until July 31, 2008. (Note, however, that Tenant has exercised its right to extend the Lease Term with respect to floors 10 and 11 pursuant to subsection 4(c) of the Lease. [See Section 4.3 of this Fifth Amendment.]) As set forth below, Building B Base Rent commenced on August 1, 2003.

(ii) Building A. The Lease term for the Building A Premises (the "Building A Lease Term") shall commence on the date of this Fifth Amendment and expire ten (10) years following the first day of the first full calendar month following the Building A Rent Commencement Date.

1.5 Subsection 1(h) of the Lease is deleted and replaced with the following:

(h) Occupancy Date. Tenant currently occupies the Building B Premises. Subject to issuance of a temporary or permanent Certificate of Occupancy for the Initial Building A Premises and the Delayed Commencement Premises and Landlord's timely completion of Landlord's Building A Work, Tenant shall be permitted to begin moving its employees into and occupying the Building A Premises (including, without limitation, but only in the manner permitted by this Lease following proper notice, the Suspended Premises) beginning sixty (60) days prior to Building A Rent Commencement Date for purposes of facilitating an orderly relocation of its business operations.

Redacted

1.6 Subsection 1(i) of the Lease is deleted and replaced with the following:

(i) **Rent and Additional Rent.**

(1) **Building B Modified Gross Rent and Building B Additional Rent.**

(A) **Building B Base Rent.** On the Commencement Date, Tenant paid Landlord \$1.00, receipt of which is hereby acknowledged. Commencing on August 1, 2003 and continuing until July 31, 2008, the annual Modified Gross Rent for the Building B Premises ("Building B Base Rent") shall be equal to the RSF in Building B leased by Tenant times [redacted]. Currently, the Building B Premises contains 116,637 RSF, which shall be adjusted hereafter pursuant to Section 1.3(d) of this Fifth Amendment. Based on the current RSF of the Building B Premises, the Building B Base Rent is as follows:

Modified Gross Rent per RSF per Year	Monthly Installment (based on 116,637 RSF)

Commencing on August 1, 2008 and continuing through July 31, 2013, the annual Building B Base Rent shall be the lesser of ninety-five percent (95%) of the then-prevailing competitive rates for comparable space (as defined in subsection 33(d) below) in Bellevue Class A office buildings or as follows:

Period (Months)	Modified Gross Rent per RSF per Year
8/1/08 - 7/31/09	
8/1/09 - 7/31/10	
8/1/10 - 7/31/11	
8/1/11 - 7/31/12	
8/1/12 - 7/31/13	

(B) **Building B Additional Rent.** Tenant shall pay Building B Additional Rent as set forth in Section 8 of the Lease (as amended by Section 8 of this Amendment) and additional payments as set forth in Section 7 of the Lease (as amended by Section 7 of this Amendment).

CONFIDENTIAL
Per WAC 480-07-160

(2) Building A Base Rent.

(A) Building A Rent Commencement. Commencing on the Building A Rent Commencement Date, Tenant shall pay rent for the Initial Building A Premises (the "Initial Building A Base Rent") as set forth in the rent schedule specified in subsection 1.6(i)(1)(B) of this Fifth Amendment. Commencing on the date that is Three Hundred and Sixty Five (365) days from the first day of the first full month following the Building A Rent Commencement Date (without regard to whether Tenant is occupying any floors in the Delayed Commencement Premises), Tenant shall pay rent for the Delayed Commencement Premises (the "Delayed Commencement Premises Base Rent") at the rate set forth in subsection 1.6(i)(2)(B) of this Fifth Amendment.

(B) Initial Building A Premises Base Rent and the Delayed Commencement Premises Base Rent. The Initial Building A Base Rent and the Delayed Commencement Premises Base Rent shall be as follows:

Redacted

(i) **Initial Premises Base Rent Schedule.**

Months Measured From the First Day of the First Month Following the Building A Rent Commencement Date*	Base Rent (per RSF, NNN)
1-3	
4-12	
13-60	
61-63	
64-72	
73-84	
85-96	
97-108	
109-120	

*Rent for the partial month, if any, prior to month 1 shall be at the month 1 rate.

(ii) **Delayed Commencement Premises Base Rent Schedule.**

Months Measured From the First Day of the First Month Following the Building A Rent Commencement Date	Base Rent (per RSF, NNN)
13-60	
61-63	
64-72	
73-84	
85-96	
97-108	
109-120	

(C) **Suspended Premises Base Rent.**

(i) **Commencement.** Rent for the Suspended Premises ("Suspended Premises Base Rent") under either Suspended Premises Option A or Suspended Premises Option B shall begin on the Building A Rent Commencement Date (or, at Tenant's option to be exercised within thirty (30) days following such Building A Rent Commencement

Redacted

Date, January 1, 2006), and continue through the Building A Term with respect to the Suspended Premises.

(ii) **Suspended Premises Base Rent Options.** The Suspended Premises Base Rent shall be determined by application of one of the following optional rates, at Tenant's election pursuant to subsection 1.6(i)(2)(C)(iii) of this Fifth Amendment, and subject to adjustment as set forth in subsection 1.6(i)(2)(C)(iv) of this Fifth Amendment:

(a) **Suspended Premises Base Rent, Option A ("Option A").** per RSF, increased by two and one-half percent (2.5%) each per year thereafter during the Building A Term on the anniversary of the Building A Rent Commencement Date until one hundred twenty (120) days after Tenant has advised Landlord that Tenant will occupy a portion (not less than a full floor) of the Suspended Premises, at which time the Suspended Premises Base Rent for the applicable portion of the Suspended Premises shall be increased by an amount equal to seventy percent (70%) of the Building A Tenant Improvement Allowance provided for the improvement of such applicable portion (if any, Tenant reserving the right, in its sole discretion, to fund such improvements at Tenant's sole cost), amortized over the remainder of the initial Building A Lease Term for the Suspended Premises at an annual interest rate of eight and one-half percent (8.5%), calculated monthly on the declining principal balance over the then-remaining Building A Lease Term.

(b) **Suspended Premises Base Rent, Option B ("Option B").**

Months 1 – 12	[Redacted]
Months 13 – 24	
Months 25 – 30	
Months 31 – 36	
Months 37 – 42	
Months 43 – 48	
Months 49 – 60	
Months 61 – 72	
Months 73 – 84	
Months 85 – 96	
Months 97 – 108	
Months 109 – 120	

If Tenant exercises the option to delay rent commencement for the Suspended Premises until January 1, 2006, the Suspended Premises Base Rent that would otherwise have been due for the Suspended Premises for the period between the Building A Rent Commencement Date and

January 1, 2006, shall be amortized over the remainder of the Building A Lease Term for the Suspended Premises at an annual interest rate of: _____

(iii) **Suspended Premises Base Rent Option Election.** The Suspended Premises shall be leased under Option A unless Tenant, by written notice to Landlord at any time within eighteen (18) months following the Building A Rent Commencement Date, elects Option B.

(iv) **Suspended Premises Base Rent Adjustments.** The initial base rental rate for the Suspended Premises is: _____ times the difference between (1) Landlord's contractor's (Sellen Construction) estimate (which shall be set forth in the Building A Shell Construction Schedule) of the cost to complete the shell and core of floors 2 through 9 of Building A, plus the leasing commissions Landlord would have incurred to lease floors 2 through 9 of Building A to Tenant, and (2) Sellen Construction's estimate (which shall be set forth in the Building A Shell Construction Schedule) of the cost to complete the shell and core of floors 2 through 11 of Building A. In the event that Landlord's final construction costs for the Building A Shell Additions are lower than Sellen Construction's estimate (provided by Landlord to Tenant prior to execution of this Fifth Amendment), then the Suspended Premises Base Rent shall be recalculated (and, if appropriate, adjusted) using such final construction costs.

(D) **Building A Base Rent.** The Initial Building A Premises Base Rent, Delayed Commencement Premises Base Rent and Suspended Premises Base Rent shall be collectively referred to herein as the "Building A Base Rent."

(3) **Additional Rent.** Tenant shall pay Additional Rent as set forth in Section 8 of the Lease (as amended by Section 8 of this Fifth Amendment and additional payments as set forth in Section 7 of the Lease (as amended by Section 7 of this Amendment).

(4) **Rent.** The Building A Rent, Building A Additional Rent, Building B Base Rent and Building B Additional Rent are collectively the "Rent."

1.7 *Landlord's notice address set forth in Subsection 1(j) of the Lease is replaced with the following:*

Summit REIT, Inc.
C/o Bentall Capital (U.S.), Inc.
1420 Fifth Avenue, Suite 400
Seattle, Washington 98101
Attn: Gary Carpenter

1.8 *Subsection 1(k) of the Lease is amended to add the following additional Exhibits:*

Exhibit B-1 Building A Premises
Exhibit J Building A Shell Additions
Exhibit K Building A Project Schedule
Exhibit L Project Costs

SECTION 2
Premises

2.1 *In subsection 2(a) of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this subsection.*

2.2 *Add the following sentences to the end of subsection 2(a):*

Landlord shall use its best reasonable efforts to find a cost effective solution and make improvements to the covered walkway (without enclosing the same) between Building A and Building B during construction of Building A to improve the existing weather protection, at Landlord's sole cost. Landlord shall also mark, light and from time to time remind Project occupants of a path on Building Garage Level P1 between Building B and Building A.

2.3 *Subsection 2(b) of the Lease is deleted and replaced with the following:*

(b) Construction of Premises.

(i) Building B. Landlord provided Tenant an allowance of

for tenant improvements to the Building B Premises ("Building B Tenant Improvement Allowance"), a portion of which remains unused. Such portion shall remain available to Tenant for other subsequent refurbishment and/or renovation of the Premises during the Lease Term. Before making any such disbursement, Tenant shall submit to Landlord (a) a statement from Tenant, in a form agreed to by both parties, of all indebtedness incurred for labor performed and materials ordered or delivered; (b) copies, if applicable, of the contractor's application for payment and an architect's certificate of completion; and (c) lien releases from the Tenant, and each of the contractor, subcontractors and materialmen providing services with a value for work performed or materials provided in excess of during the relevant period to which such disbursement request relates. Landlord shall have no obligation to disburse funds if Tenant is in default under the Lease. Landlord may withhold from such periodic or final disbursements, as the case may be, an amount equal to one hundred twenty-five percent (125%) of the value of any work for which required lien releases have not been submitted unless and until the earlier of Landlord's receipt of lien releases, Tenant's posting of a bond acceptable to Landlord with respect to the relevant work or materials, or any related claim or dispute is either finally resolved or time-barred.

(ii) Building Support Facilities. Landlord has installed a 750 kW (1100 amp) generator set on the roof of Building B at the shared expense of, and to serve, Tenant, another tenant ("Captaris") of Building B and Landlord (the "Shared Generator"). Throughout the term of this Lease, (a) Landlord shall maintain and repair the Shared Generator, with Tenant to pay Tenant's pro-rata share (determined by Tenant's then-allocated rights with respect to the Shared Generator) of the cost of such maintenance and repair; and (b) Landlord shall not allow or permit any use of the Shared Generator by any third party (except Captaris, its successors and assigns) unless Landlord first offers Tenant the right to such use. In addition, Landlord has

designated and shall provide a location on the roof of Building B to Tenant for installation of a Tenant-supplied generator set that shall not be greater than 2 megawatts (the "Tenant-Supplied Generator"), and a location for redundant Tenant primary circuits, associated breakers and other related equipment. Such area shall provide Tenant with reasonable access for fuel supply, induction air, cooling air, and combustion exhaust. The plans and specifications for the Tenant-Supplied Generator and the installation and connection of the Tenant-Supplied Generator, together with all related equipment and cables, shall be subject to the prior written approval of Landlord and, to the extent required, the City of Bellevue (provided that the conditions for installation and operation imposed by Landlord, such as noise and vibration, of such Tenant-Supplied Generator shall be no more stringent than those achieved by the other Buildings generator(s)). Tenant shall pay Landlord a reasonable fee in connection with the review and installation of the Tenant-Supplied Generator, which shall be due upon installation to reimburse Landlord for actual third party costs plus Landlord's allocated staff time. The cost of permits, installation (including any required modifications to the Buildings and/or the Building B Shell and Core), repairs, maintenance, pro rata share of systems used in common with Landlord or other tenants (i.e., fuel supply), and removal (including restoration of any Buildings and/or Building B Shell and Core modifications) of the Tenant-Supplied Generator and related equipment at the expiration of the Lease shall be Tenant's responsibility. Tenant shall be responsible for obtaining any necessary permits with respect to the Tenant-Supplied Generator and for complying with all applicable laws governing the use and installation of such generator and all related equipment. All access to the roof, and repairs and maintenance of the Tenant-Supplied Generator, shall be coordinated with Landlord in advance or with such coordination as is reasonable in emergency circumstances.

(iii) Construction of Building A Premises.

(A) Landlord shall, at Landlord's sole cost and expense, construct the Building A Shell Additions pursuant to the schedule set forth in Landlord's contractor's Shell and Core Construction Schedule for the Building A Additions (but subject to allowable delays under Section 3 of this Fifth Amendment), including, but not limited to, the cost of overtime and expedited delivery of materials to the extent necessary to maintain the Building A Shell Construction Schedule.

(B) The current Building A project schedule is attached as Exhibit K. Tenant shall select Tenant's architect(s) from a list approved by Landlord, which list shall include, without limitation, Tenant's in-house architects. Tenant's architect shall prepare the plans and specifications for the Building A Tenant Improvements (the "Building A Tenant Improvement Plan"). On or before September 27, 2004, Tenant shall deliver to Landlord the Building A Tenant Improvement Plan for the Initial Building A Premises and Delayed Commencement Premises (the "Building A Tenant Improvements"). Any Building A Tenant Improvements which are not of a type consistent with the initial tenant improvements made in the Building B Premises (the "Building B Standards") shall be subject to Landlord's prior approval, not to be unreasonably withheld, and at the time of such approval Landlord may require that such non-conforming improvements be removed upon expiration of the Lease term. If Tenant fails to so deliver the Building A Tenant Improvement Plan, then Landlord's contractor

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shall be entitled to an additional day for construction of Building A for each day of Tenant's delay in the delivery of the Building A Tenant Improvement Plan. Within forty-two (42) calendar days of Landlord's receipt of the Building A Tenant Improvement Plan, Landlord shall develop a detailed construction schedule for the Building A Tenant Improvements (the "Building A Tenant Improvement Construction Schedule"), which schedule shall be consistent with the terms of this Lease unless otherwise agreed by Tenant. Tenant's architect shall be responsible to secure the City of Bellevue building permit (or permits) for the Building A Tenant Improvements, and thereafter Landlord shall secure any other permits or approvals and otherwise prosecute construction pursuant to such schedule using reasonable best efforts (except where it is prevented from doing so by reason of Force Majeure or Tenant Delay) and authorize overtime and expedited delivery of materials, at Landlord's sole cost and expense, to the extent necessary to substantially complete Landlord's Building A Work by the substantial completion date set forth on the Project Schedule.

(C) Landlord shall cause its general contractor, Sellen Construction, to prepare an itemized firm estimate of the cost of the Building A Tenant Improvements and deliver such estimate in accordance with the Building A Tenant Improvement Construction Schedule. Landlord's contractor shall be allowed a markup for (1) general conditions and project overhead (a) otherwise consistent, in Tenant's reasonable opinion, with the then-current market rate for such fees given the size and nature of the project and (b) not exceeding ten percent (10%) of the hard construction costs for general conditions and overhead or both, and (2) three percent (3%) of the hard construction costs, general conditions and project overhead for its contractor's fee (excluding sales taxes and any bonding requirements specified in writing by Tenant).

(D) Except for mechanical, plumbing, electrical and fire protection subcontractors, Sellen Construction shall bid all subcontracted work to at least three (3) qualified subcontractors from a list approved in writing by Tenant, and Sellen Construction shall select the lowest responsive bidder to perform the work unless Tenant otherwise consents, in writing, to Sellen Construction's selection of another bidder. Sellen Construction shall be allowed to choose mechanical, plumbing, electrical and fire alarm subcontractors without bidding the work; provided, however, that such subcontractors shall be allowed a markup for (1) general conditions and project overhead (a) otherwise consistent, in Tenant's reasonable opinion, with the then-current market rate for such fees given the size and nature of the project and (b) not exceeding ten percent (10%) of the hard construction costs for general conditions and overhead or both, and (2) four percent (4%) of the hard construction costs, general conditions and project overhead for its subcontractor's fee (excluding sales taxes and any bonding requirements specified in writing by Tenant). Landlord shall provide Tenant an allowance equal to [redacted] per USF of the Building A Premises (the "Building A Tenant Improvement Allowance") except to the extent Tenant elects Suspended Premises Option B, in which case the Building A Tenant Improvement Allowance for the Suspended Premises will be [redacted] per USF. The Building A Tenant Improvement Allowance may be applied to all costs of design, permitting, construction, cabling and other information technology costs, relocation costs, the cost of furniture, fixtures and equipment, and for any associated taxes (collectively, "Allowable Costs"). Tenant may elect to first apply the Building A Tenant Improvement Allowance to any Allowable Cost. Notwithstanding the above to the contrary, Landlord will not be obligated to disburse the

Building A Tenant Improvement Allowance with respect to the Suspended Premises until required to do so under the terms of subsection 1.2(c)(ii)(A) of this Fifth Amendment). In the event the cost of the Building A Tenant Improvements and other Allowable Costs exceeds the Building A Tenant Improvement Allowance for the Initial Building A Premises and the Delayed Commencement Premises in calendar year 2004, Landlord shall fund such overages, at Landlord's sole cost and expense, and Tenant shall not be required to reimburse Landlord until the earlier of (a) January 1, 2005, or (b) the Building A Rent Commencement Date. Any Building A Tenant Improvement Allowance not used by Tenant shall remain available to Tenant for other subsequent refurbishment of Building A and related Allowable Costs. Tenant shall engage its own architect and contractor for improvements to the Suspended Premises beyond the Building A Shell Additions, which construction shall be subject to the following terms and conditions:

(i) Tenant's designated architect, contractor, engineer and subcontractors shall be approved by Landlord. Tenant's designated contractor, in accordance with the plans and specifications approved by Landlord, shall perform all Tenant's improvements made to the Suspended Premises (the "Tenant Construction"), in accordance with the terms of the Lease as amended by this Fifth Amendment (including the Rules and Regulations and Construction Rules and Regulations to the extent they are not waived as to Tenant). Tenant's plans and specifications (which shall include space plans, permit plans, and construction documents, each of which may be submitted separately as the planning progresses), together with a work schedule (which includes time tables for design, permitting, construction and review/approval periods for each set of plans) for the Tenant Construction (the "Plans") shall be prepared by Tenant's architect and engineer. Landlord shall approve or disapprove, in a written instrument, the Plans within fourteen (14) business days of Landlord's receipt of a complete set of such Plans; Landlord's failure or refusal to approve or disapprove the Plans in writing delivered to Tenant within such fourteen (14) day period shall be deemed approval by Landlord of the Plans unless Landlord notifies Tenant within such fourteen (14) day period that material information is missing from the Plans. If the Plans are disapproved by Landlord, Tenant shall revise the Plans and re-submit them to Landlord for approval in accordance with the above procedures. The Plans shall be of a type consistent with the Building B Standards. All use of the Common Areas during construction shall be coordinated with and approved in advance by Landlord and shall otherwise comply with the Construction Rules and Regulations.

(ii) Tenant shall have the right to retain its own contractor, at Tenant's expense, who shall oversee the Tenant Construction process.

(iii) Upon request by Tenant, Landlord shall provide Tenant with a proposed list of qualified subcontractors to bid on the mechanical, electrical and life safety work required for the Tenant Construction, to which Tenant may make additions, and thereafter Tenant, subject to Landlord's approval, shall select several qualified subcontractors from such combined list to bid on such work. Tenant shall direct its construction manager to use Landlord's subcontractors in the Construction, unless such mechanical, electrical or life safety subcontractors' bids are greater than bids offered by Tenant's qualified subcontractors using a fair and competitive bid process, in which case Tenant's subcontractors may be used. However,

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if Landlord's subcontractors are not used for work which involves the Shell and Core or if Landlord's Shell and Core warranties are affected by work performed by Tenant's subcontractors, then Landlord shall notify Tenant of such potential, Landlord and Tenant shall consult with respect to potential scope of gaps and overlaps of warranty coverage, and Tenant shall reimburse Landlord for any expenses incurred by Landlord with respect to the Shell and Core (including the mechanical, electrical and life safety systems) which otherwise would have been, but as a result of Tenant's subcontractor selection are not, covered by warranty.

2.4 Subsection 2(c) of the Lease is deleted and replaced with the following:

(c) **Parking.**

(i) **Building B Parking.**

(A) **Building B Allocation.** Commencing on the Building B Rental Commencement Date, Landlord shall lease to Tenant [redacted] parking spaces per 1,000 USF leased by Tenant in Building B. The number of parking spaces shall adjust with the expansion and/or contraction of the Building B Premises. The parking spaces shall be located in the Building Garage. As part of Tenant's [redacted] stalls per 1,000 USF allocation, (a) Landlord shall mark and reserve [redacted] parking spaces in the Building Garage for Tenant's Officers in an area reasonably convenient to the entry to the Building elevators, (b) Landlord shall mark and reserve [redacted] parking spaces for Tenant's visitors in a different area reasonably convenient to the entry to the Building B elevators, and (c) Landlord shall mark and reserve up to [redacted] contiguous parking spaces in the Building Garage, as requested by Tenant from time to time for Tenant's company-owned vehicles ("Building B Fleet Parking Spaces") in a location designated by Landlord from time to time in its sole discretion. Tenant shall pay for the costs of signage for marking the Building B Fleet Parking Spaces as reserved, and Landlord shall not be responsible for monitoring parking in the Building B Fleet Parking Spaces. If Tenant elects to relocate any of Tenant's marked or reserved stalls, Tenant shall pay the costs of such relocation including costs of removing and installing signage.

(B) **Building B Parking Rental Rate.** From August 1, 2003, through July 31, 2008, the monthly rent, excluding sales tax, for each parking space shall be covered by [redacted]. Commencing on August 1, 2008 and continuing until July 31, 2010, the monthly rent shall be [redacted], excluding sales tax, per month for each parking space. Commencing on August 1, 2010 and continuing until July 31, 2013, the monthly rent shall be [redacted], excluding sales tax, per month for each parking space. Commencing on the first renewal option for floor 12 of Building B and the second renewal options for floors 8, 9, 10 and 11 of Building B, the monthly rent for parking spaces shall be the then-current competitive rates for comparable parking in the Bellevue Central Business District. Landlord shall give written notice to Tenant stating any increase in monthly rent for parking spaces at least thirty (30) days before the effective date of such increase; provided, however, that Landlord shall not increase such monthly rent more frequently than twice in any calendar year. In the event that Tenant disputes the monthly rent so stated, the parties shall attempt to resolve their dispute within twenty (20) days following receipt by Tenant of such notice. If the parties fail to resolve their

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dispute within twenty (20) days following receipt by Tenant of said notice, then the parties shall invoke the arbitration procedures set forth in Section 33.

(C) **Changes to Building B Parking.** Subject to the limitations described above, during the period beginning on August 1, 2008, Tenant may exercise its right to lease parking spaces each month of the Lease Term by giving written notice to Landlord of the number of Building Garage parking spaces that it shall rent for the following month between thirty-two (32) and thirty-five (35) days in advance of the applicable month. Following Tenant's initial notice given pursuant to this paragraph or failure to give such notice, the failure of Tenant to give a new notice pursuant to this paragraph shall be deemed to be an election by Tenant to rent the same number of Building Garage parking spaces as specified in the last such notice.

(ii) **Building A Parking.**

(A) **Building A Allocation.** In addition to Tenant's Building B parking rights, throughout the Building A Lease Term, Tenant shall have the right (but not the obligation through the first five (5) years following the Building A Rent Commencement Date) to lease [redacted] parking spaces in the Building Garage per 1,000 USF of Building A Premises. Tenant shall have the further right, without obligation, to lease to an additional [redacted] parking spaces in the Building Garage per 1,000 USF of the Building A Premises on an as-available basis. From Tenant's Building A parking allowance, Landlord shall provide (a) [redacted] of such parking spaces in an area convenient to the Building Garage's Building A entry and Building A elevators, marked and exclusively reserved for Tenant's visitors and (b) [redacted] of such parking spaces marked and exclusively reserved for Tenant's fleet vehicles. Tenant's fleet vehicle parking spaces can be located in an area designated in writing by Landlord, provided that at least [redacted] of the fleet vehicle parking spaces shall be located on P1 of the Building Garage in higher clearance (at least 8 feet high) areas of the Building Garage and the remainder shall be on the P7 level of the Building Garage in a location designated by Landlord. The parking spaces described in this subsection 2(c)(ii)(A), collectively, constitute the "Building A Parking." Tenant shall pay for the costs of signage for marking the fleet parking spaces as reserved, and Landlord shall not be responsible for monitoring parking in the fleet parking spaces. If Tenant elects to relocate any of Tenant's marked or reserved stalls, Tenant shall pay the costs of such relocation including costs of removing and installing signage.

(B) **Building A Parking Rental Rate.** Through the first five (5) years following the Building A Rent Commencement Date, there shall be [redacted] for the Building A Parking, other than any applicable sales tax, if any. For years six (6) and seven (7) following the Building A Rent Commencement Date, the monthly rent for the Building A Parking shall be [redacted] per parking space, and for years eight (8) through ten (10) following the Building A Rent Commencement Date, the monthly rent shall be [redacted] per parking space. The monthly rent for parking spaces during the Building A Renewal Options shall be the then-current competitive rates for comparable parking in the Bellevue Central Business District. The Building A Parking rates exclude sales tax. Landlord shall give written notice to Tenant stating any increase in monthly rent for the Building A Parking spaces at least thirty (30) days before the effective date of such increase; provided, however, that Landlord shall not increase such monthly rent more frequently than twice in any calendar year during the Building A Term.

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(C) **Changes to Building A Parking.** Subject to the terms and conditions set forth in this subsection 2(c), during the period beginning on the sixty-first (61st) month following the Building A Rent Commencement Date, (i) Tenant shall be required to lease at least [redacted] Building A Parking spaces per 1000 USF of the Building A Premises at the then applicable rates and (ii) Tenant may exercise its right to lease Building A Parking spaces each month of the Building A Term by giving written notice to Landlord of the number of Building Garage parking spaces that it shall rent for the following month between thirty-two (32) and thirty-five (35) days in advance of the applicable month. Following Tenant's initial notice given pursuant to this paragraph or failure to give such notice, the failure of Tenant to give a new notice pursuant to this paragraph shall be deemed to be an election by Tenant to rent the same number of Building Garage parking spaces and the same number of other parking spaces as specified in the last such notice.

(iii) **Other Parking Provisions.**

(A) **Dispute Resolution.** With respect to the determination of monthly parking rent based on competitive rates for comparable parking, in the event that Tenant disputes the monthly rent stated by Landlord, the parties shall attempt to resolve their dispute within twenty (20) days following receipt by Tenant of such notice. If the parties fail to resolve their dispute within twenty (20) days following receipt by Tenant of said notice, then the parties shall invoke the arbitration procedures set forth in Section 33 of the Lease.

(B) **Condition of Building Garage.** Landlord shall provide and maintain at all times lighting, staff and security systems reasonably adequate to ensure to Tenant the use and enjoyment of parking spaces (but shall not be obligated to monitor Tenant's fleet parking) that it leases pursuant to this subsection 2(c) and shall take such steps as are reasonably necessary to ensure that all tenants are treated reasonably, and that Tenant is treated equally with other tenants, with respect to the availability of and access to parking spaces. The Building Garage will contain an area for parking bicycles and motorcycles. All parking shall be subject to the parking rules and regulations set forth on Exhibit I attached to the Lease to the extent not waived by this Lease.

2.5 *Subsection 2(e) of the Lease is amended as follows:*

2.5.1 *Replace the phrase "the Building" with "Building B" wherever it appears in this subsection.*

2.5.2 *Replace the phrase "floors 9, 10 and 11" with "floors 8 and 9 of Building B".*

2.5.3 *Replace the phrase "total Premises" with "total Building B Premises."*

2.5.5 *Insert the phrase "to such ROFO Space" following the phrase "Tenant Improvements" in the second line of the fifth full paragraph.*

CONFIDENTIAL
Per WAC 480-07-160

SECTION 3

Rental Commencement Date and Expiration Date

3.1 Subsection 3(a) of the Lease is deleted and replaced with the following:

(a) Rental Commencement Dates.

(i) **Building B.** The "Building B Rental Commencement Date" is August 1, 2003.

(ii) **Building A.** The "Building A Rent Commencement Date" shall be the earlier of (a) the sixtieth (60th) day after the date that Landlord has substantially completed Landlord's Building A Work and received a temporary or permanent Certificate of Occupancy for the Initial Building A Premises and the Delayed Commencement Premises, or (b) the date that Landlord would have substantially completed Landlord's Building A Work and received a temporary or permanent Certificate of Occupancy for the Initial Building A Premises and the Delayed Commencement Premises but for Tenant Delays (without regard to Force Majeure, which will not advance the Building A Rent Commencement Date under this subsection 3(a)(ii)). The term "Tenant Delay" as used in this Fifth Amendment shall mean any delay in the substantial completion of Landlord's Building A Work as a result of (1) Tenant's failure to deliver the Building A Tenant Improvement Plan to Landlord on or before September 17, 2004, (2) Tenant's request for improvements which are not similar to those made on Floors 8 through 11 of Building B, (3) Tenant's request for improvements to the Building A Premises which are not Building Standard, or (4) any other act or omission of Tenant or Tenant's agents. In the event of any dispute as to any such Tenant Delays, the matter shall be resolved by Arbitration.

3.2 Subsection 3(b) of the Lease is deleted and replaced with the following:

(b) Landlord's Obligation/Building A Termination Rights. Either Tenant or Landlord may terminate this Fifth Amendment by giving the other party written notice to the other party if all of the following have not occurred within seventy-five (75) days of the parties mutual execution and delivery of this Fifth Amendment:

(i) the City of Bellevue's issuance of construction permits for the Building A Shell Additions;

(ii) Landlord's entry into a non-contingent, guaranteed maximum price contract for construction of the Building A Shell Additions; and

(iii) Landlord's Board of Directors' approval and provision to Tenant of adequate assurance of funding for both the Building A Shell Additions and the Building A Tenant Improvements Allowance.

3.3 Subsection 3(c) of the Lease is deleted and replaced with the following:

(c) Completion Dates for Landlord's Building A Work. If Landlord's Building A Work is not substantially complete within five hundred forty-seven (547) days of the date of this Fifth Amendment (Force Majeure and Tenant Delays excepted), Tenant shall receive one (1) day

Building A Base Rent abatement for the Initial Building A Premises for each day of delay for up to one hundred fifty (150) days. If (a.1) Landlord fails to substantially complete Landlord's Building A Work within seven hundred ninety-two (792) days of the date of this Fifth Amendment (Force Majeure events and Tenant Delay excepted), or (a.2) Landlord substantially ceases to prosecute the Landlord's Building A Work for a period of ninety (90) days; or (a.3) Landlord otherwise ceases to fund or does not provide Tenant with adequate assurance of Landlord's ability to fund Landlord's Building A Work within ninety (90) days after a request by Tenant for such adequate assurance, then if Tenant gives notice to Landlord of (b.1) the occurrence of any such event and (b.2) Tenant's intent to exercise Tenant's rights under this subparagraph and thereafter Landlord fails, as applicable, to (c.1) achieve substantial completion, (c.2) recommence substantial prosecution of Landlord's Building A Work, and (c.3) fund or does provide Tenant with adequate assurance of Landlord's ability to fund Landlord's Building A Work, then (d) either Tenant or Landlord may terminate the Building A Term by giving the other party written notice. In the event of such a termination, any rent abatement previously accrued as to the Initial Building A Premises shall be applied, on a dollar for dollar basis, to the Building B Base Rent, and the parties shall have no further liability to each other with respect to Building A, except as may otherwise exist under this Lease as a result of the Building B Premises.

SECTION 4

Options to Extend; Contraction Rights

4.1 The first clause of the first paragraph of subsection 4(a) of the Lease is deleted and replaced with the following:

(a) Building B Five-Year Space Renewal Options. With respect to floors 8, 9, 10 and 11 of Building B, Tenant shall have the right to extend the Building B Lease Term with respect to all or any portion of such Building B space it is then leasing for four (4) successive periods of five (5) years each (each, an "Building B Five-Year Space Renewal Option") upon the following terms and conditions:

4.2 Subsection 4(b) of the Lease is amended as follows:

4.2.1 Replace the title and the first sentence of subsection 4(b) with the following:

(b) Ten-Year Space Renewal Options.

(b.1) 12th Floor Renewals. With respect to floor 12 of Building B, Tenant shall have the right to extend the term of this Lease for all of such space for three (3) successive periods of five (5) years each (the "12 Floor Space Renewal Option") upon the following terms and conditions:

4.2.2 The references in subsection 4(b.1) of the Lease to "floor 12" are amended to read "floor 12 of Building B".

4.2.3 Delete the last paragraph of subsection 4(b.1) of the Lease and replace it with the following:

(iii) With respect to floor 12 of Building B, Tenant may, effective as of August 1, 2008, by notice to Landlord given no later than August 6, 2007 and no earlier than February 5, 2007, redesignate floor 8 of Building B as the ten (10) year term space in Building B, and thereafter, the same terms, covenants and conditions as then apply to floor 12 of Building B of this Lease shall be applicable instead to floor 8 of Building B, and the same terms, covenants and conditions as then apply to floor 8 of Building B shall be applicable instead to floor 12 of Building B.

4.2.4 Add the following new subparagraph as new subsection 4(b.2) of the Lease:

(b.2) Building A Renewal Options. Provided Tenant at the time of exercise occupies at least seven (7) contiguous floors in Building A, Tenant shall have three (3) five (5) year options to extend the Building A Term (the "Building A Renewal Options") for all or any portion of such floors (but not less than seven (7) contiguous floors) upon the following terms and conditions:

(i) at the time of the exercise of such right, Tenant shall not be in default in the performance of any of the terms, covenants or conditions herein contained with respect to a matter as to which notice of default has been given hereunder and which has not been remedied within the time allowed in the default provisions of this Lease (provided that if Tenant is in default at the time of such exercise and thereafter fails to timely cure, Landlord may, by notice to Tenant without waiver of other remedies, reject such notice); and

(ii) each extension shall be upon the same terms, covenants and conditions as in this Lease; provided, however, that the rental rate for each extended period shall be established as provided below; and

(iii) in the event Tenant occupies less than the entire Building A (exclusive of the Day Care and Athletic Facilities), Landlord shall be permitted to reconfigure Floor 1 of such Building as common space suitable in Landlord's reasonable opinion for a Bellevue Class A multi-tenant office building.

4.3 Subsection 4(c) of the Lease is amended to read as follows:

(c) Notice; Rent. Tenant shall exercise any options to extend pursuant to this Section 4 (other than the first option to extend the term of the Lease as to floors 10 and 11 of Building B, which is deemed to be exercised as described below in this subsection), by written notice to Landlord of Tenant's election to exercise such option given no less than twelve (12) months and no more than eighteen (18) months prior to the expiration of the then-current and applicable terms. If Tenant's lease of the Building A Premises is not otherwise properly terminated pursuant to subsection 3.2(c) of this Fifth Amendment, then, without waiver of rights with respect to any other portion of the Premises, notice of exercise of Tenant's first option to extend the term of the Lease as to floors 10 and 11 of Building B is deemed given by Tenant and accepted by Landlord by execution of this Fifth Amendment. No later than six (6) months prior to the expiration of the then-current and applicable term, Landlord shall notify Tenant in writing

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of the rental rate(s) for the applicable extended Lease Term. The annual base rent for the first Building B Five-Year Renewal Option shall be;

The annual rent (including base rent and additional rent) for any other Renewal Options shall be;

Rent for parking spaces, if any, for such other Renewal Options shall be determined separately from the determination of base rent. Landlord shall furnish to Tenant with said notice such supporting documents as are reasonably necessary to establish that the projected rental rate determined by Landlord meets the criteria set forth above. In the event Tenant disputes the rental rate determined by Landlord, the parties shall attempt to resolve their dispute within ninety (90) days following receipt by Tenant of the notice described above. If the parties fail to resolve their dispute within ninety (90) days following receipt by Tenant of said notice, then the parties shall invoke the arbitration procedures set forth in Section 33. At the time of commencement of each such extended term or as soon thereafter as the final determination of the annual rental rate has been made, the parties shall execute and deliver a document setting forth the rental rate for the extended period. In the event the dispute is not resolved prior to the commencement of the extended Term, then Tenant shall continue to make monthly rental payments according to the procedure described in Section I above until such dispute is resolved.

4.4 *Subsection 4(d) of the Lease is amended to read as follows:*

4.4.1 *Replace subparagraph (i) with the following:*

(i) Tenant shall have the right to terminate a maximum of one full floor and a minimum of one-half of one floor on August 1, 2006 ("Floor 8 Contraction Date"); provided, that (i) the space in which Tenant exercises such right shall be on floor 8 of Building B; (ii) Tenant provides Landlord written notice of Tenant's intent to exercise such contraction right on or before August 1, 2005; (iii) Tenant reimburses Landlord an amount equal to the disbursed, but unamortized Building B Tenant Improvement Allowance, the unamortized Building B leasing commissions and five (5) months' Building B Base Rent for the space being terminated. Any reimbursement to be paid by Tenant to Landlord shall be due within thirty (30) days of Landlord providing Tenant with an accounting of such reimbursable amounts.

4.4.2 *Amend subparagraph (ii) as follows:*

4.4.2.1 *Replace the phrase "floor 12" with "floor 12 of Building B (or such lower floor as may be designated pursuant to the last paragraph of Section 4(b) of the Lease)".*

4.4.2.1 *Replace the phrase "Rental Commencement Date" with "Building B Rental Commencement Date".*

4.4.3 *Further indent and insert "(iii)" at the start of the paragraph immediately following subparagraph (ii) of subsection 4(d).*

4.4.4 *Insert the following heading before the final paragraph of Section 4: "(e) Options Personal."*

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SECTION 5
Rent

5.1 *Section 5 of the Lease is deleted and replaced with the following:*

5. Rent.

Tenant shall pay Landlord the Rent and any other additional payments due under this Lease in lawful money of the United States in advance, without deduction or offset except as specifically provided in this Lease, on or before the first (1st) day of each month at Landlord's Notice Address set forth in Section 1, or to such other party or at such other place as Landlord may hereafter from time to time designate in writing. If the Building B Rental Commencement Date does not occur on the first (1st) day of the month, then the Building B Base Rent and Building B Additional Rent, for the month in which it occurs, shall be prorated and shall be paid within ten (10) days after the Building B Rental Commencement Date. If the Building A Rent Commencement Date does not occur on the first (1st) day of the month, then the Building A Base Rent and Building A Additional Rent, for the month in which it occurs, shall be prorated and shall be paid within ten (10) days after the Building A Rent Commencement Date. Failure to pay the Rent on the first (1st) day of any month shall not be deemed a default unless the Rent remains unpaid at the end of the tenth (10th) day of that month, nor shall any such amount not so paid draw interest pursuant to subsection 35(i) during such ten (10) day period. If Tenant fails to pay the Rent by the tenth (10th) day of the month, Tenant shall pay Landlord a late charge equal to of the amount not so paid.

SECTION 6
Uses

6.1 *In Section 6 of the Lease, replace the phrase "Building as a first class office building" with the phrase "Buildings as first class office buildings".*

6.2 *In Section 6 of the Lease, replace the word "Building" with the word "Buildings" in the tenth line.*

SECTION 7
Services and Utilities

7.1 *Replace the phrase "the Building" with the word "Buildings" wherever it appears in this Section.*

7.2 *In Section 7 of the Lease, the reference in the third paragraph 7 to "Modified Gross Rent and Additional Rent (collectively, "Rent")" is amended to read "Rent".*

7.3 *Add the following paragraph at the end of Section 7:*

After-hours HVAC for Building A shall be charged at a rate not to exceed the actual direct costs. In addition to Tenant's other rights under this Section 7, Tenant shall have the option of establishing alternative hours of operation for Building A and may, in its sole discretion and control, determine the operating hours of specific portions of Building A;

Redacted

provided that such hours for such portions of Building A used by the Athletic Facilities and the Day Care shall not be less than those required under such existing tenant's leases (or, with respect to portions of such space which are not leased, less than those reasonably required by Landlord) with Landlord in effect as of the Effective Date. As part of Landlord's Building A Work, Landlord shall establish entrances separate from the Building A lobby for the Athletic Facilities, and shall separately meter the Athletic Facilities' and the Day Care's utility usage. Tenant acknowledges that children from the Day Care will need to use the Building A elevators to travel from the Day Care premises to the plaza children's play area.

SECTION 8 Additional Rent

8.1 *The first sentence of Section 8 and subsections 8(a), 8(b), 8(c) and 8(d) are deleted and replaced with the following:*

8. Additional Rent.

8.1 Building B Additional Rent. In addition to the Building B Base Rent provided in Section 1 of this Lease, Tenant shall pay to Landlord certain operating costs, including increases in expenses under this Section 8.1 as "Building B Additional Rent."

(a) Controllable Operating Costs.

(i) The Building B Base Rent set forth in Section 1 includes Landlord's estimate of 2004 base year operating costs for Building B, exclusive of Other Operating Costs (as defined in subsection 8.1(b) below), of [] per RSF of Building B ("Building B Controllable Operating Costs"). If the actual Building B Controllable Operating Costs are less than [] per RSF of Building B, then the annual Building B Base Rent shall be reduced by one half of the amount that actual Building B Controllable Operating Costs are less than [] per RSF, and the resulting amount shall be considered the "Building B Base Year Controllable Operating Costs." "Building B Controllable Operating Costs" shall include the following expenses normally or customarily paid or incurred by Landlord and not reimbursed or otherwise recovered by charges to any tenant or third party (except through the payment of operating costs) for maintaining, operating and repairing Building B (including the Building Garage, fitness and conference center) and the Project, and the personal property used in conjunction therewith, including, without limitation, the reasonable costs of: refuse collection, water, sewer and other utilities services, supplies, janitorial and cleaning services, window washing, landscape maintenance, services of independent contractors, compensation (including employment taxes and fringe benefits) of all persons who perform duties in connection with the management, operation, maintenance and repair of Building B, its equipment and Building B's proportionate share of expenses with respect to the Real Property upon which it is situated, licenses, permits and inspection fees, customary management fees, legal fees and accounting expenses, general maintenance and repair, capital improvements (to the extent provided below) required to comply with newly enacted laws, regulations or ordinances that were not in effect prior to the Building B Rental Commencement Date or that are for the purpose of reducing Building B Controllable Operating Costs, costs of maintaining any transportation management

program required by the City of Bellevue, and any other reasonable expense or charge whether or not hereinabove described which in accordance with generally accepted accounting and management practices would be considered an expense normally incurred for maintaining, operating or repairing Building B.

(ii) Beginning on January 1, 2005, Tenant shall pay its proportionate share (based on Tenant's Percentage of Building B) of Controllable Operating Costs that are attributable to Building B and Project, as applicable, that are greater than Building B Base Year Controllable Operating Costs.

(b) **Other Operating Costs.** In accordance with the terms and conditions of this Section 8.1, in addition to Building B Base Rent, Tenant shall pay the following costs attributable to the Building B Premises, Building B and, to the extent properly allocable to Building B, the Project ("Other Operating Costs"):

(i) *"Building B Costs of Energy,"* which shall mean all expenses paid or incurred by Landlord and not reimbursed by any tenant (except through the payment of operating costs) in the operation and maintenance of Building B and the Project for electricity (including any surcharges imposed), gas and similar energy sources;

(ii) *"Building B Real Property Taxes,"* which shall mean taxes on real property and personal property that are paid for by Landlord and for which Landlord is not entitled to reimbursement by any tenant or other occupant (except through the payment of operating costs), charges and assessments levied with respect to the Real Property, Project, Building B, any improvements, fixtures and equipment, and all other property of Landlord, real or personal, used directly in the operation of Building B and located in or on Building B or the Project; and any taxes levied or assessed in addition to or in lieu of, in whole or in part, such real property or personal property taxes; and any tax on Landlord's gross receipts unless such tax cannot be charged to Tenant pursuant to applicable law; and

(iii) *"Building B Insurance,"* which shall mean insurance premiums (together with any deductibles) that, in accordance with generally accepted accounting and management practices, would be considered an expense normally incurred for owning, maintaining, operating or repairing Building B and the Project.

(c) **Excluded Costs.** Building B Controllable Operating Costs and Other Operating Costs shall exclude the following costs ("Excluded Costs"):

(i) Landlord's income taxes; repairs or other work occasioned by fire, windstorm or other casualty or by the exercise of the right of eminent domain; leasing commissions, attorneys' fees, costs and disbursements and other expenses incurred in connection with negotiations or disputes with tenants or prospective tenants or associated with the enforcement of any leases or the defense of Landlord's title to or interest in the Buildings; costs (including permit, license and inspection fees) incurred in renovating or otherwise improving or decorating, painting or redecorating space for tenants or vacant space; Landlord's costs of any services sold to tenants or other occupants for which Landlord is entitled to be reimbursed by

Redacted

such tenants or other occupants as an additional charge or rental over and above the basic rent and escalations payable under the lease with such tenant or other occupant, provided this shall not limit Landlord's ability to include expenses incurred in connection with the fitness and conference center even if Landlord collects a nominal fee from others for access cards to the fitness center or reasonable set-up charges for the conference center; expenses in connection with services or other benefits of a type that are not provided to Tenant but which are provided to another tenant or occupant; costs incurred due to violation by Landlord or any tenant of the terms and conditions of any lease; interest on debt or amortization payments on any mortgages or deeds of trust and rental under any ground or underlying leases or lease; Landlord's general rentals and other related expenses incurred in leasing the Buildings' main air-conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature (except leasing of equipment, not considered a capital expense, which is used to perform specific operation, maintenance or repair functions that are properly chargeable as operating expenses); all items and services for which Tenant reimburses Landlord or which Landlord provides selectively to one or more tenants or occupants of the Buildings (other than Tenant) without reimbursement; advertising and promotional expenditures; and any other expense which under generally accepted accounting principles would not be considered a maintenance or operating expense normally incurred, except as otherwise specifically provided herein. During the Lease Term, costs Landlord is required to incur to modify the Real Property, Buildings or Premises to comply with newly enacted laws, regulations or ordinances that were not in effect prior to the Building B Rental Commencement Date shall not be Excluded Costs so long as such costs are not related to Landlord's remedying prior defects and/or noncompliance, but shall be capitalized over an appropriate period of not less than five (5) years.

(ii) Depreciation or amortization of costs required to be capitalized in accordance with generally accepted accounting practices (except Other Operating Costs shall include amortization of capital improvements made subsequent to the initial development of Building B which are designed with a reasonable probability of improving the operating efficiency of Building B, provided that such amortization costs shall not exceed expected savings in operating costs resulting from such capital improvements).

(iii) Any Operating Costs properly allocated to Summit Ridge or Building A under generally accepted accounting principles and generally accepted property management practices, applied on a consistent basis and in accordance with the terms of this Lease.

(d) Adjustments.

(i) If the occupancy level of the Building B or Project for any Lease Year is less than ninety-five percent (95%), then the Controllable Operating Costs (specifically excluding Costs of Energy, Real Property Taxes and Insurance costs) for such Lease Year shall be derived by calculating the Building and Project occupancy at ninety-five percent (95%) of the RSF.

(ii) Landlord's management fee shall not exceed of the Building B Base Rent during any Lease Year.

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(iii) The Load Factor (as defined by BOMA) for any full floor in Building B shall not exceed thirteen and one-half percent (13.5%).

(e) **Building B Additional Rent for Estimated Increases in Costs.** Prior to the commencement of each Lease Year during the Building B Lease Term, Landlord shall furnish Tenant with a written statement of Landlord's estimate of Actual Costs Allocable to the Building B Premises for the following Lease Year (the "Building B Estimated Costs") together with a calculation of the Building B Additional Rent made as follows: The amount, if any, by which such Building B Estimated Costs exceed the Building B Controllable Operating Costs shall be payable by Tenant in equal monthly installments as provided in Section 5 during such Lease Year. If at any time or times during such Lease Year it appears to Landlord that the Actual Costs Allocable to the Building B Premises will vary from Landlord's estimate by more than five percent (5%) on an annual basis, Landlord may, by written notice to Tenant, revise its estimate for such Lease Year, and subsequent Building B Additional Rent payments by Tenant for such Lease Year shall be calculated according to the formula set forth above based on Landlord's revised Building B Estimated Costs. "Building B Actual Costs" means the actual expenses paid or incurred by Landlord for Other Operating Costs during any Lease Year of the term hereof and, in calendar year 2005 and thereafter, Building B Controllable Costs in excess of the Building B Base Year Controllable Operating Costs; provided, that Building B Controllable Costs shall not exceed _____ cumulatively of the 2004 Building B Controllable Operating Cost. Such cap is cumulative, and the unused portion of a year's cap may be carried forward to absorb any future Building B Controllable Operating Costs that would otherwise be in excess of the cap. For example, if the actual Building B Controllable Operating Costs increase in a certain year is only _____ and the cap is _____, the maximum allowable increase for the following year would be _____ plus the amount of the prior year's unused _____. [For example, if the Controllable Operating Costs (excluding Costs of Energy, Real Property Taxes, and Insurance) for 2004 are _____ per square foot, then such costs for 2005 shall not exceed _____ (which is a _____ increase over _____ and such costs for 2006 shall not exceed _____ (which is a _____ increase over _____).] Further, any Building B Controllable Operating Cost amount that is in excess of the cap in one year may be carried forward by Landlord and recovered in later years if and to the extent the cap for such later years is not exceeded. "Actual Costs Allocable to the Building B Premises" means the Building B Actual Costs multiplied by Tenant's Percentage of Building B and Tenant's Percentage of the Project.

8.2 Building A Additional Rent. In addition to the Building A Base Rent provided in Section 1 of this Lease, Tenant shall pay to Landlord certain operating costs, including increases in expenses under this Section 8.2 as "Building A Additional Rent."

(a) **Building A Operating Costs.** Beginning on the date which is thirty (30) days following the commencement of Tenant's phased occupancy of the Building A Premises under subsection 1.5(h) of this Fifth Amendment, Tenant shall pay all Building A NNN Costs that are attributable to the Building A Premises, Building A and, to the extent properly allocated to Building A, the Project, except for such Building A costs as may be fairly allocated to the Athletic Facilities and the Day Care. "Building A NNN Costs" shall include the following:

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(i) expenses normally or customarily paid or incurred by Landlord and not reimbursed or otherwise recovered by charges to any tenant or third party (except through the payment of operating costs) for maintaining, operating and repairing Building A (including the Building Garage, fitness and conference center) and the Project, and the personal property used in conjunction therewith, including, without limitation, the reasonable costs of: refuse collection, water, sewer and other utilities services, supplies, janitorial and cleaning services, window washing, landscape maintenance, services of independent contractors, compensation (including employment taxes and fringe benefits) of all persons who perform duties in connection with the management, operation, maintenance and repair of Building A, its equipment and Building A's proportionate share of expenses with respect to the Real Property upon which it is situated, licenses, permits and inspection fees, customary management fees, legal fees and accounting expenses, general maintenance and repair, capital improvements (to the extent provided below) required to comply with newly enacted laws, regulations or ordinances that were not in effect prior to the Building A Rental Commencement Date or that are for the purpose of reducing Building A NNN Costs, costs of maintaining any transportation management program required by the City of Bellevue, and any other reasonable expense or charge whether or not hereinabove described which in accordance with generally accepted accounting and management practices would be considered an expense normally incurred for maintaining, operating or repairing Building A. Tenant shall reimburse Landlord directly (and not as part of Building A NNN Costs) for any expenses incurred by Landlord for providing services to Tenant at Tenant's request which are not otherwise customarily provided to tenants of the Project.

(ii) "*Building A Costs of Energy*," which shall mean all expenses paid or incurred by Landlord and not reimbursed by any tenant (except through the payment of operating costs) in the operation and maintenance of Building A and the Project for electricity (including any surcharges imposed), gas and similar energy sources;

(iii) "*Building A Real Property Taxes*," which shall mean taxes on real property and personal property that are paid for by Landlord and for which Landlord is not entitled to reimbursement by any tenant or other occupant (except through the payment of operating costs), charges and assessments levied with respect to the Real Property, Project, Building A, any improvements, fixtures and equipment, and all other property of Landlord, real or personal, used directly in the operation of Building A and located in or on Building A or the Project; and any taxes levied or assessed in addition to or in lieu of, in whole or in part, such real property or personal property taxes; and any tax on Landlord's gross receipts unless such tax cannot be charged to Tenant pursuant to applicable law; and

(iv) "*Building A Insurance*," which shall mean insurance premiums (together with any deductibles) that, in accordance with generally accepted accounting and management practices, would be considered an expense normally incurred for owning, maintaining, operating or repairing Building A and the Project.

(b) **Building A Excluded Costs.** Building A NNN Costs shall exclude (i) the costs identified in subsection 8.1(c)(i) and (ii) of this Fifth Amendment, and (ii) any operating costs properly allocated solely to Summit Ridge or Building B under generally accepted

accounting principles and generally accepted property management practices, applied on a consistent basis and in accordance with the terms of this Lease.

(c) Adjustments.

(i) Landlord's management fee shall not exceed of the Building A Base Rent during any Lease Year.

(ii) The Load Factor (as defined by BOMA) for any full floor in Building A shall not exceed thirteen and three-quarters percent (13.75%).

(d) Additional Rent for Estimated Increases in Costs. Prior to the commencement of each Lease Year during the Building A Lease Term, Landlord shall furnish Tenant with a written statement of Landlord's estimate of Actual Costs Allocable to the Building A Premises for the following Lease Year (the "Building A Estimated Costs") together with a calculation of the Building A Additional Rent made as follows: The amount of Building A Estimated Costs shall be payable by Tenant in equal monthly installments as provided in Section 5 during such Lease Year. If at any time or times during such Lease Year it appears to Landlord that the Actual Costs Allocable to the Building A Premises will vary from Landlord's estimate by more than five percent (5%) on an annual basis, Landlord may, by written notice to Tenant, revise its estimate for such Lease Year, and subsequent Building A Additional Rent payments by Tenant for such Lease Year shall be calculated according to the formula set forth above based on Landlord's revised Building A Estimated Costs. "Building A Actual Costs" means the actual expenses paid or incurred by Landlord for Building A NNN Costs during any Lease Year of the Building A Lease Term. "Actual Costs Allocable to the Building A Premises" means the Building A Actual Costs multiplied by (a) at all times during the Building A Lease Term when Tenant is the sole tenant of Building A other than the Athletic Facilities and the Day Care, one hundred percent (100%) of Building A exclusive of the areas occupied by the Athletic Facilities and the Day Care, and Tenant's Percentage of the Project, and (b) at other times during the Building A Lease Term, Tenant's Percentage of Building A and Tenant's Percentage of the Project. "Lease Year" means consecutive twelve (12) month periods commencing on January 1 through the Building A Lease Term.

8.2 *Subsection 8(e) of the Lease is replaced with the following:*

8.3 Miscellaneous Costs Calculations.

(a) Actual Costs. "Lease Year" means consecutive twelve (12) month periods commencing on January 1 through the Lease Term. Within ninety (90) days after the close of each Lease Year during the Lease Term, or as soon thereafter as practicable, Landlord shall deliver to Tenant a written statement setting forth the Actual Costs Allocable to the Building B Premises and, when applicable, the Actual Costs Allocable to the Building A Premises (collectively, the "Actual Costs Allocable to the Premises") during the preceding Lease Year. If such costs for any Lease Year exceed the Building B Estimated Costs and, when applicable, the Building A Estimated Costs paid by Tenant to Landlord pursuant to this Section 8, Tenant shall pay the amount of such excess to Landlord as added Additional Rent

within forty-five (45) days after receipt of such statement by Tenant. If such statement shows such costs to be less than the amount paid by Tenant to Landlord pursuant to this Section 8, then the amount of such overpayment by Tenant shall be credited by Landlord to the next immediate Rent payable by Tenant.

8.3 *Redesignate subsections 8(f), 8(g), 8(h), 8(i), 8(j), 8(k) and 8(l) as subsections 8.3(b), 8.3(c), 8.3(d), 8.3(e), 8.3(f), 8.3(g) and 8.3(h), respectively, and replace the word "Building" with the word "Buildings" wherever it appears in these subsections.*

SECTION 9 **Improvements**

9.1 *There are no amendments to Section 9 of the Lease.*

SECTION 10 **Care of the Premises**

10.1 *In Section 10 of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this section.*

10.2 *In the fourth line of Section 10(a), insert the phrase "Landlord's Building A Work" following the phrase "initial Tenant Improvements".*

SECTION 11 **Access**

11.1 *In Section 11 of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this section.*

SECTION 12 **Insurance, Damage and Destruction**

12.1 *Subsection 12(b) of the Lease is replaced with the following:*

(b) **Damage and Repair.** In case of damage to the Premises or the Buildings by fire or other casualty covered by Landlord's insurance, Landlord shall cause the damage to the Buildings and the Premises (to the extent of improvement to the Premises originally provided by Landlord hereunder) to be repaired with reasonable diligence subject to delays that may arise by reason of adjustment of loss under insurance policies and for delays beyond the reasonable control of Landlord. To the extent that the Premises are rendered untenantable, the Rent shall proportionately abate from the date rendered untenantable, except in the event such damage resulted directly from the negligence or willful misconduct of Tenant, Tenant's officers, contractors, agents, invitees, licensees, or employees, in which event the Rent shall abate only to the extent Landlord receives proceeds from Landlord's rental income insurance policy to compensate Landlord for loss of rent. In the event the damage to the Buildings shall be extensive and substantial, Landlord may elect not to repair or rebuild. Landlord shall notify Tenant in writing of Landlord's decision not to repair or rebuild within sixty (60) days from the date of such damage, and this Lease shall terminate as of the date of such notice. Tenant shall

thereupon promptly vacate the Premises, and the Rent shall be adjusted to the date of such vacation. In the event the damage to the Building B Premises is so substantial as to render more than fifty percent (50%) of the area of the Building B Premises untenable, then Tenant shall have the right to terminate, at Tenant's option, the Building B Lease Term, upon written notice to Landlord given within the time period set forth above. In the event the damage to the Building A Premises is so substantial as to render more than fifty percent (50%) of the area of the Building A Premises untenable, then Tenant shall have the right to terminate, at Tenant's option, the Building A Lease Term, upon written notice to Landlord given within the time period set forth above. Notwithstanding the above to the contrary, if damage is due to any peril other than fire or other peril covered by Landlord's insurance and the estimated cost to repair such damage, if allocable to Building B exceeds _____ or if allocable to Building A exceeds _____ then, if Landlord chooses not to repair such damage, Landlord may elect to (i) relocate Tenant to other available space in the Project or (ii) if sufficient space acceptable to Tenant is not then available in the Project, terminate this Lease as to the portions of the Premises in the Buildings so damaged.

12.2 *Subsection 12(c) of the Lease is replaced with the following:*

(c) **Destruction During Last Year of Term.** In case fifty percent (50%) or more of either Building B or Building A shall be destroyed by fire or other causes at any time during the last Lease Year of the Building B Lease Term or Building A Lease Term, as applicable, either party may terminate the Building B Lease Term (if Building B is destroyed) or Building A Lease Term (if Building A is destroyed), as applicable, upon written notice to the other party given within sixty (60) days of the date of such destruction.

12.3 *In subsections 12(d) and 12(e) of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in these subsections.*

SECTION 13 Waiver of Subrogation

13.1 *In Section 13 of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this section.*

SECTION 14 Indemnification

14.1 *In Section 14 of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this section.*

SECTION 15 Assignment and Subletting

15.1 *In subsection 15(a) of the Lease, replace the title with "Tenant's Right to Assign and Sublease in Building B", and replace the word "Premises" with the phrase "Building B Premises".*

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15.2 In subsection 15(b) of the Lease, replace the title with "Building B Sublease Conditions", and replace the phrase "such sublease" in the first sentence with the phrase "such sublease for the Building B Premises".

15.3 In subsection 15(c) of the Lease, replace the title with "Building B Recapture Rights", and replace the phrase "one full floor of the Premises" in the first sentence with the phrase "one full floor of the Building B Premises".

15.4 Subsection 15(d) of the Lease is deleted and replaced with the following:

(d) **Landlord's Right to Assign.** Landlord shall have the right to assign, mortgage or encumber this Lease and/or the Buildings; provided, that, until the Building B Tenant Improvement Allowance and Building A Tenant Improvement Allowance (collectively, the "Tenant Improvement Allowance") have been paid in full, Landlord first obtains Tenant's prior written consent.

15.5 Add the following new subsection 15(e) to the end of Section 15.

(e) **Building A Premises.** Notwithstanding anything to the contrary contained herein, with respect to Building A Premises, (a) Tenant shall have the right to sublet or assign all or part of Building A at any time, without Landlord's consent, to any non-governmental person or entity whose use is consistent with uses of Class A office buildings in the Bellevue Central Business District, and (b) in the event Tenant shall receive Greater Rent from any such sublease of the Building A Premises, Landlord shall be entitled to [redacted] of such Greater Rent. No such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Tenant obtains Landlord's written agreement to release Tenant from such obligations. Any sublessee shall assume all obligations of Tenant as to that portion of the Premises which is subleased to such sublessee and, unless Tenant is relieved of liability pursuant to Landlord's written agreement, shall be jointly and severally liable with Tenant for rental and other payments and performance of all terms, covenants and conditions of such approved sublease. In connection with any sublease or assignment, Tenant shall provide Landlord with copies of all assignments, subleases and assumption instruments.

SECTION 16

Liens

16.1 In Section 16 of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this section.

SECTION 17

Tenant's Default

17.1 There are no amendments to Section 17 of the Lease.

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SECTION 18 Landlord's Default

18.1 In Section 18 of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this section.

SECTION 19 Signs, Name of Building

19.1 Redesignate the first paragraph of Section 19 as subsection 19(a).

19.2 Insert the words "Building B Signage." at the beginning of the first paragraph of Section 19 of the Lease.

19.3 In that new subsection 19(a) of the Lease, replace the phrase "the Building" with the phrase "Building B" whenever it appears in new subsection 19(a).

19.4 Insert the following new paragraph at the end of Section 19 as subsection 19(b):

(b) Building A Signage.

(i) Provided Tenant occupies at least [redacted] of the total RSF of Building A, Tenant shall have the exclusive right to Building A signage in the following areas: (i) the Building A monument subject to existing tenant signage; (ii) Building A exterior; (iii) Building A directory; (iv) suite identification; (v) the Project driveways, (vi) Building Garage entrances, and (vii) directory signage. Except for the Building A Name signage to be located on the exterior of Building A, the costs of Building A signage will be the obligation of Landlord and shall not be considered part of the Tenant Improvement Allowance. The Building A signage shall be maintained by Landlord at Landlord's cost (but such costs are included in operating costs). The cost to redesign or replace any existing Building A signage pursuant to Landlord's existing signage program shall be borne by Tenant, but may, in Tenant's discretion, be part of the Allowable Costs. The size, design, and final location of such signage shall be mutually agreed upon between Landlord and Tenant and subject to approval of applicable governmental authorities. If Tenant's occupancy declines to less than [redacted] of the RSF of Building A, Tenant's Building A signage rights shall be adjusted so as to reflect its current level of occupancy and new tenants may be granted signage rights consistent with their level and type of occupancy.

(ii) Subject to Landlord's approval, Tenant shall have the right to determine the name of Building A (the "Building A Name"), provided (and so long as) Tenant satisfies the requirements for Building A naming rights. The Building A Name shall be reflective of Tenant's name or business activities, and Landlord shall refer to Building A by the Building A Name. In the event that the Tenant's occupancy becomes less than [redacted] of the RSF in Building A, Landlord, at its sole discretion, shall have the right to rename Building A at Landlord's sole cost and expense; provided, however, Building A naming rights will not be granted to another Tenant of Building A unless such tenant occupies more RSF in Building A than Tenant. Subject to Landlord's consent and in a manner consistent with the rights

of other tenants in the Premises, and provided (and so long as) Tenant satisfies the requirements for Building A and Building B naming rights, Tenant may also designate a combined name for Building B and Building A. In no event will Building A be named after a direct competitor of Tenant. The Building A Name shall be located at a minimum at the top of the two monument signs and on the walls at the entries to Building A, and also in the garages in a manner that properly directs visitors to Building A. Any publicly visible references to "Building A" shall be replaced and Landlord shall, for as long as Tenant is occupying at least [redacted] of the RSF in Building A, refer to Building A by the Tenant-specified name.

SECTION 20
Nondisturbance

20.1 *In Section 20 of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this section.*

SECTION 21
Quiet Enjoyment

21.1 *There are no amendments to Section 21 of the Lease.*

SECTION 22
Surrender of the Premises

22.1 *Section 22 of the Lease is deleted and replaced with the following:*

22. Surrender of the Premises.

Subject to the terms of Section 12 relating to damage and destruction, upon expiration of the Lease Term whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord in good condition, reasonable use and wear and tear excepted, and with any modifications to the Shell and Core of either of the Buildings made by or at the request of Tenant restored to the original Shell and Core specifications.

SECTION 23
Removal of Property

23.1 *In Section 23 of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this section.*

23.2 *In the second line of Section 23 of the Lease, following the phrase "termination of this Lease", insert the phrase "as to any portion of the Premises".*

23.3 *In the third line of Section 23 of the Lease, following the phrase "damage or restoration to", insert the phrase "such portion of".*

23.4 *In the fifth line of Section 23 of the Lease, following the phrase "In addition," insert the phrase "upon termination of the Building A Lease Term or Building B Lease Term, as applicable".*

23.5 *In the seventh line of Section 23 of the Lease, following the phrase "Tenant's security system", insert the phrase "if serving only the terminated portion of the Premises."*

SECTION 24

Nonwaiver

24.1 *There are no amendments to Section 21 of the Lease.*

SECTION 25

Holdover

25.1 *Section 25 of the Lease is amended as follows:*

25.1.1 *In the first sentence, replace ", such tenancy" with the phrase "as to any portion of the Premises, the continued tenancy of such portion".*

25.1.2 *In the second sentence following "The Rent", insert the phrase "the portion of the Premises then being on a month-to-month tenancy".*

SECTION 26

Condemnation

26.1 *In Section 26 of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this section.*

26.2 *Delete subsection 26(d).*

SECTION 27

Notices

27.1 *There are no amendments to Section 27 of the Lease.*

SECTION 28

Costs and Attorneys' Fees

28.1 *There are no amendments to Section 28 of the Lease.*

SECTION 29

Consents and Approvals

29.1 *There are no amendments to Section 29 of the Lease.*

SECTION 30

Estoppel Certificates

30.1 *In Section 30 of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this section.*

SECTION 31
Transfer of Landlord's Interest

31.1 In Section 31 of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this section.

SECTION 32
Right to Perform

32.1 There are no amendments to Section 32 of the Lease.

SECTION 33
Arbitration

33.1 Replace subsection 33(d)(iii) of the Lease with the following:

(iii) In a determination, the arbitrators shall specify the rental rate for each applicable portion of the Premises on a net lease basis. Thereafter, Landlord shall calculate and notify Tenant of the revised Building B Base Rent (i.e., Modified Gross Rent for any portion of Building B that was the subject of such arbitration) therefrom ((a) in month 61, using the original Base Year Controllable Operating Costs, and (b) for month 121, 181, or 241, if applicable, the Base Year Controllable Operating Costs shall be the actual costs for the Lease Year (as defined in Section 8) in which the extended term commences). In the event Tenant disputes such calculation, the parties shall attempt to resolve the dispute within ninety (90) days of Tenant's receipt of such notice. If the parties fail to resolve their dispute as to such calculation within such ninety (90) days, then the parties shall again invoke the arbitration procedures of this Section 33.

SECTION 34
Roofing Installation

34.1 Delete the first sentence of Section 34 of the Lease and replace it with the following:

Provided Tenant leases and occupies at least one full floor of Building B, Tenant shall be permitted at its sole cost and expense to install and maintain:

(1) without charge by Landlord on the roof of Building B (a) with priority as to potentially or actually competing users of the roof of Building B, two microwave dishes that shall not exceed ten (10) feet in diameter, one additional microwave dish which shall not exceed eight (8) feet in diameter, and three whip antennas used by Tenant in its business (the "Priority Installations") for the entirety of the Term, and (b) subject to (i) the availability of rooftop space, (ii) Landlord's other needs and (iii) other tenant's rights, from time to time, such other communications equipment as Tenant may desire to install on Building B that is to be used by Tenant in its business; and

(2) any and all microwave, whip and satellite antennas and other communications equipment as Tenant may desire on the Building A roof and structure from time to time, without charge by Landlord unless and except to the extent Tenant

Redacted

permits (and charges) a third party to install such third party's facilities pursuant to Tenant's rights under this Section 34 or to attach to Tenant's facilities on the Building A roof and structure. Such antennas shall be located in an area to be approved by Landlord that does not interfere with existing installations on any building in the Project.

(Any or all of the foregoing dishes, antennas and other communications equipment so installed, including without limitation the Priority Installations, are hereinafter referred to as "Installations.")

34.2 *In Section 34 of the Lease, replace the word "Building" with the word "Buildings" wherever it appears in this section.*

SECTION 35 General

35.1 *In subsection 35(d), replace the word "Building" with the word "Project" wherever it appears in this subsection.*

35.2 *In subsection 35(g), replace the word "Building" with the word "Buildings" wherever it appears in this subsection.*

35.3 *Subsection 35(l) of the Lease is amended as follows:*

35.3.1 *Replace the word "Building" with the word "Buildings" wherever it appears in this subsection.*

35.3.2 *In the last sentence, replace the phrase "Shell and Core Delivery Date and again on the Rent and Commencement Date" with the phrase "the date of this Fifth Amendment and again on the Building A Rent Commencement Date".*

35.4 *In subsection 35(n) of the Lease, replace the first sentence with the following:*

Provided Tenant is leasing at least 50,000 RSF in Building B, Landlord shall not lease space in Building B to another energy company or to state or federal power or gas regulators. Provided Tenant is then leasing at least fifty percent (50)% of Building A, Landlord shall not lease space in Building A to another energy company or to state or federal power or gas regulators.

35.5 *Add the following three subsections to the end of Section 35:*

(r) **Storage.** Landlord shall provide Tenant with not less than 1,000 square feet of storage space in the Building Garage or other area of Building A without charge, cost or expense. Additional storage required above 1,000 square feet shall be charged at a rate of per square foot.

(s) **Temporary Space.** If Tenant requires temporary office space for users that will eventually occupy the Buildings, Landlord will make available any space available on the same terms as ROFO Space.

Redacted

(t) **Existing Claims.** As of the date first set forth above, to the best of Landlord's and Tenant's knowledge (i) all conditions and obligations to be performed by Landlord and Tenant under the Lease, to the date first set forth above, have been satisfied; (ii) there exists no breach, default, or event or condition which, the giving of notice or the passage of time, or both, would constitute such a breach or default under the Lease; and (iii) there are no existing claims, defenses or offsets against obligations of Landlord or Tenant under the Lease, including any against rents due or to become due under the terms of the Lease. Certain amendments to the Lease by this Fifth Amendment have been made solely for the purpose of clarifying inconsistent terms and provisions in the original Lease resulting from the amendments set forth herein, and any claims by Landlord or Tenant existing as of the date first set forth above shall not be affected by any such amendments.

NEW SECTION

36. Option to Purchase.

Landlord shall not offer the Project or any portion thereof for sale, or enter into a contract for sale of the Project or any portion thereof, for two (2) years following the Building A Rent Commencement Date. Tenant shall have the right (but not the obligation) to file applications for and thereafter pursue regulatory approvals to create three separate lots on the Real Property for Building A, Building B and The Summit Ridge Building to provide Tenant with additional opportunities to structure a transaction pursuant to Tenant's rights set forth below. All such applications and approvals shall be subject to Landlord's prior approval, not to be unreasonably withheld. Upon receipt of such approvals, Landlord shall reimburse Tenant for [redacted] of Tenant's reasonable out of pocket costs (such as survey costs) incurred in connection therewith up to a maximum of a [redacted] reimbursement from Landlord. All of Tenant's options to purchase and rights to purchase under this Section 36 shall terminate upon the sale of the Project to Tenant or any third party in accordance with this Section 36.

(a) **Right of First Opportunity.** Tenant shall have an ongoing "Right of First Opportunity" during the initial Building A Term to purchase the Project or any portion thereof that Landlord desires to sell. This Right of First Opportunity may be transferred by Tenant to an unrelated third party independently of the remainder of this Lease, and without application of the provisions of Section 15, provided that Tenant under this Lease, both before and after the transfer of such right, is still Puget Sound Energy, Inc., an affiliate of Puget Sound Energy, Inc., or any entity resulting from the merger or acquisition of Puget Sound Energy, Inc. The Right of First Opportunity shall be effective as follows:

(i) Prior to offering the property for sale to a third party, Landlord shall notify Tenant in writing of the price, closing schedule, and key terms of the deal structure under which Landlord is prepared to sell the property and provide Tenant with the necessary information and documents for Tenant to value and assess the property, including (without limitation) copies of leases, an Argus (or similar) file, copies of easements, contracts, agreements and recorded documents affecting the property, and operating information for the property; copies of

environmental reports, surveys, and plans and specifications; and title report and any other reports then in Landlord's possession that describe the condition of the property.

(ii) Tenant shall notify Landlord within sixty (60) days from Tenant's receipt of Landlord's notice of Tenant's decision to (a) accept Landlord's terms and conditions; (b) submit a counteroffer; or (c) waive Tenant's Right of First Opportunity.

(iii) Depending on Tenant's response to Landlord's initial offer, Landlord and Tenant shall proceed with one of the following courses of action: (a) if Tenant has accepted, close on sale pursuant to Landlord's initial offer within one-hundred and twenty (120) days from Tenant's receipt of Landlord's notice; (b) if Tenant has submitted a binding counteroffer, accept Tenant's counteroffer within fourteen (14) days and proceed to closing within one-hundred and twenty (120) days from Tenant's receipt of Landlord's initial offer; or (c) upon receipt of Tenant's waiver to purchase the property or Landlord's decision to not accept a counteroffer submitted by Tenant, proceed to market the property for sale to any third party for nine (9) months. Should Landlord fail to consummate a sale during such nine (9) month period, Tenant's Right of First Opportunity shall be reinstated.

(iv) In the event Tenant waives the Right of First Opportunity, Landlord may proceed to market and sell the property to a third party purchaser without any condition or the obligation to resubmit an offer to Tenant. However, if Tenant submitted a counteroffer and Landlord decided not to accept such counteroffer, then Landlord may proceed to market and sell the property to a third party purchaser but not on terms equal to or lower than Tenant's counteroffer. Tenant shall have the right to submit one (1) counteroffer to each Landlord Offer. In the event Landlord desires to accept a third party offer equal to or lower than Tenant's counteroffer, Landlord shall give notice to Tenant of such desire and Tenant shall have the option, to be exercised within fifteen (15) business days from Landlord's written notice of such third party offer, to accept the terms of the third party offer. If Tenant exercises such option, Landlord and Tenant shall close the sale within one hundred twenty (120) days of Tenant's acceptance of the third party offer terms. For the purposes of this paragraph, a third party offer shall be equal to or lower than Tenant's prior counteroffer if the net proceeds that Landlord would receive under such third party offer would be equal to or lower than the net proceeds Landlord would have received under Tenant's prior counteroffer.

(b) **Project Purchase Option.** Tenant shall have a one time right ("Purchase Option"), separate from Tenant's Right of First Opportunity under subsection 36(a), to purchase the entire Project, or such portion thereof as has not previously been sold by Landlord, by written notice to Landlord given on or before the fifth (5th) anniversary of the Building A Rent Commencement Date. This Purchase Option may be transferred by Tenant to an unrelated third party independently of the remainder of this Lease, and without application of the provisions of Section 15, provided that Tenant under this Lease, both before and after the transfer of such right, is still Puget Sound Energy, Inc., an affiliate of Puget Sound Energy, Inc., or any entity resulting from the merger or acquisition of Puget Sound Energy, Inc. is then Tenant under this Lease. The terms of the Purchase Option shall be as follows:

Redacted

(i) Exhibit L attached to this Fifth Amendment and incorporated herein by reference sets forth Landlord's previous costs for the Project and Landlord's estimated costs to complete Landlord's Building A Work (the "Project Costs").

(ii) Tenant's purchase price at any time shall be an amount that provides Landlord with an _____ from the Effective Date of this Fifth Amendment on the Project Costs which (a) exist as of the Effective Date, and (b) are incurred following the Effective Date, as incurred, reduced by any return on the Project Costs received by Landlord following the Effective Date of this Fifth Amendment from its leases, net sales proceeds and other revenue generated by the Project and/or the Real Property.

If Tenant wishes to exercise the Purchase Option, it shall give Landlord written notice and Landlord shall, within thirty (30) days of Landlord's receipt of such notice, provide Tenant with a calculation of the value as of the Closing. Tenant shall then have ninety (90) days to review the following: Landlord's calculation of the value; leases, easements, contracts, agreements and recorded documents affecting the Project; operating information for the Project and any improvements located thereon; environmental reports, surveys, and plans and specifications; title reports and any other reports then in Landlord's possession that describe the condition of the Project and any improvements located thereon; and otherwise inspect such property all at Tenant's sole cost. If at the end of such one hundred twenty (120) day period Tenant elects to close the purchase, it shall deposit with Dee McComb at Pacific Northwest Title or such other agent as agreed to by the parties a nonrefundable (except in the event Landlord fails to close the transaction) earnest money deposit equal to _____ of the purchase price. The sale shall be closed ("Closing") not less than thirty (30) days nor more than one hundred twenty (120) days from the date Tenant deposits the earnest money.

CONFIDENTIAL
Per WAC 480-07-160

LEASE RATIFIED AND AFFIRMED

Except as expressly amended by this Fifth Amendment, the Lease is hereby ratified and affirmed.

FACSIMILE SIGNATURES

This Fifth Amendment may be signed by Landlord and Tenant in counterpart facsimile signatures and each such counterpart facsimile signature shall have the same force and effect as an original signature.

LANDLORD:

SUMMIT REIT, INC.,
a Maryland corporation

By: 

Denis Perreault, Director

By: 

Gary Carpenter, Executive Vice President

TENANT:

PUGET SOUND ENERGY, INC.,
a Washington corporation

By: 

Roger McNulty

Its: Director Corporate Facilities

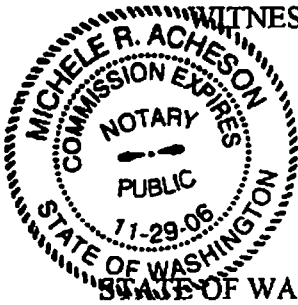
STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

THIS IS TO CERTIFY that on this 26th day of May 2004, before me, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared Gary Carpenter, to me known or identified to be the Executive Vice President of SUMMIT REIT, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to execute said instrument.

WITNESS my hand and official seal the day and year first above written.



Michele R. Acheson

[Type/print Name] Michele R. Acheson
Notary Public in and for the State of Washington,
residing at Seattle, WA
My commission expires: November 29, 2006

STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

THIS IS TO CERTIFY that on this _____ day of _____ 2004, before me, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared Denis Perreault, to me known or identified to be the Director of SUMMIT REIT, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to execute said instrument.

WITNESS my hand and official seal the day and year first above written.

[Type/print Name] _____
Notary Public in and for the State of Washington,
residing at _____
My commission expires: _____

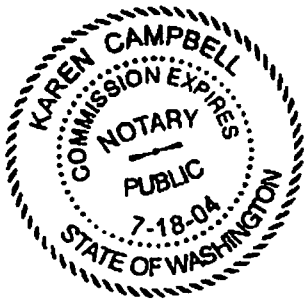
STATE OF WASHINGTON)

) ss.

COUNTY OF KING)

THIS IS TO CERTIFY that on this 19th day of May 2004, before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared Roger McNulty, to me known to be the Director Corporate Facilities of PUGET SOUND ENERGY, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument, and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal the day and year first above written.



KW Campbell
[Type/print Name] Karen Campbell
Notary Public in and for the State of Washington,
residing at Belleno, Washington
My commission expires: 7/18/04

CITY OF VANCOUVER)
) ss.
PROVINCE OF)
BRITISH COLUMBIA)

THIS IS TO CERTIFY that on this 27th day of May, 2004, before me, a notary public in and for the Province of British Columbia, duly commissioned and sworn, personally appeared Denis Perreault, to me know or identified to be the Director of SUMMIT REIT, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to execute said instrument.

WITNESS my hand and official seal the day and year first above written.

PETER J. ANDERSON
Barrister & Solicitor
1000 - 595 BURRARD STREET
VANCOUVER, B.C. V7X 1S8
(604) 687-6789



[Type/print Name] **PETER JOHN ANDERSON**
A Notary Public in and for the Province of British
Columbia, residing at Surrey, British Columbia
My Commission is **WITHOUT EXPIRY**

EXHIBIT B-1

Building A Floor Plans

See Attached

LANDMARK DIRECT
ARCHITECTS
1110 W. 11th St.
Anchorage, Alaska 99501

SUMMIT
CONSTRUCTION SERVICES



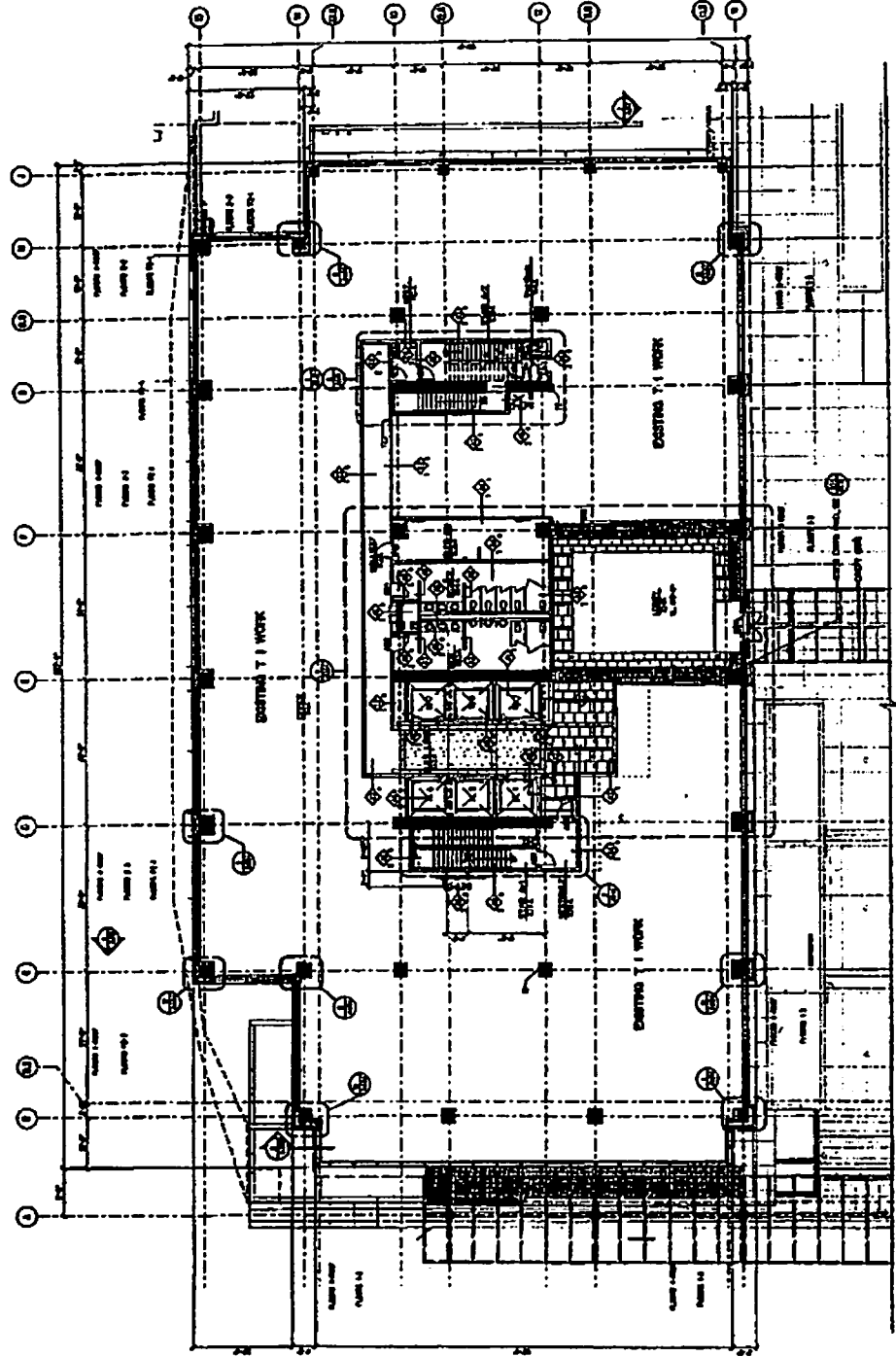
110 BUILDING DEPARTMENT
323 11th Avenue
BELLEVUE, WA

PROJECT: SUMMITAL
DATE: 11/20/2001



FIRST FLOOR PLAN BUILDING 110	
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Ⓜ FIRST FLOOR PLAN - BUILDING 110
DATE: 11/20/01

LUNA ARCHITECTS
 1000 WEST 10TH AVENUE
 DENVER, CO 80202
 TEL: 303.733.1111
 WWW.LUNAARCHITECTS.COM

THE SUMMIT
 BUSINESS DEVELOPMENT



100 BUILDING CORPORATION
 1000 WEST 10TH AVENUE
 DENVER, CO 80202

1000 WEST 10TH AVENUE
 DENVER, CO 80202

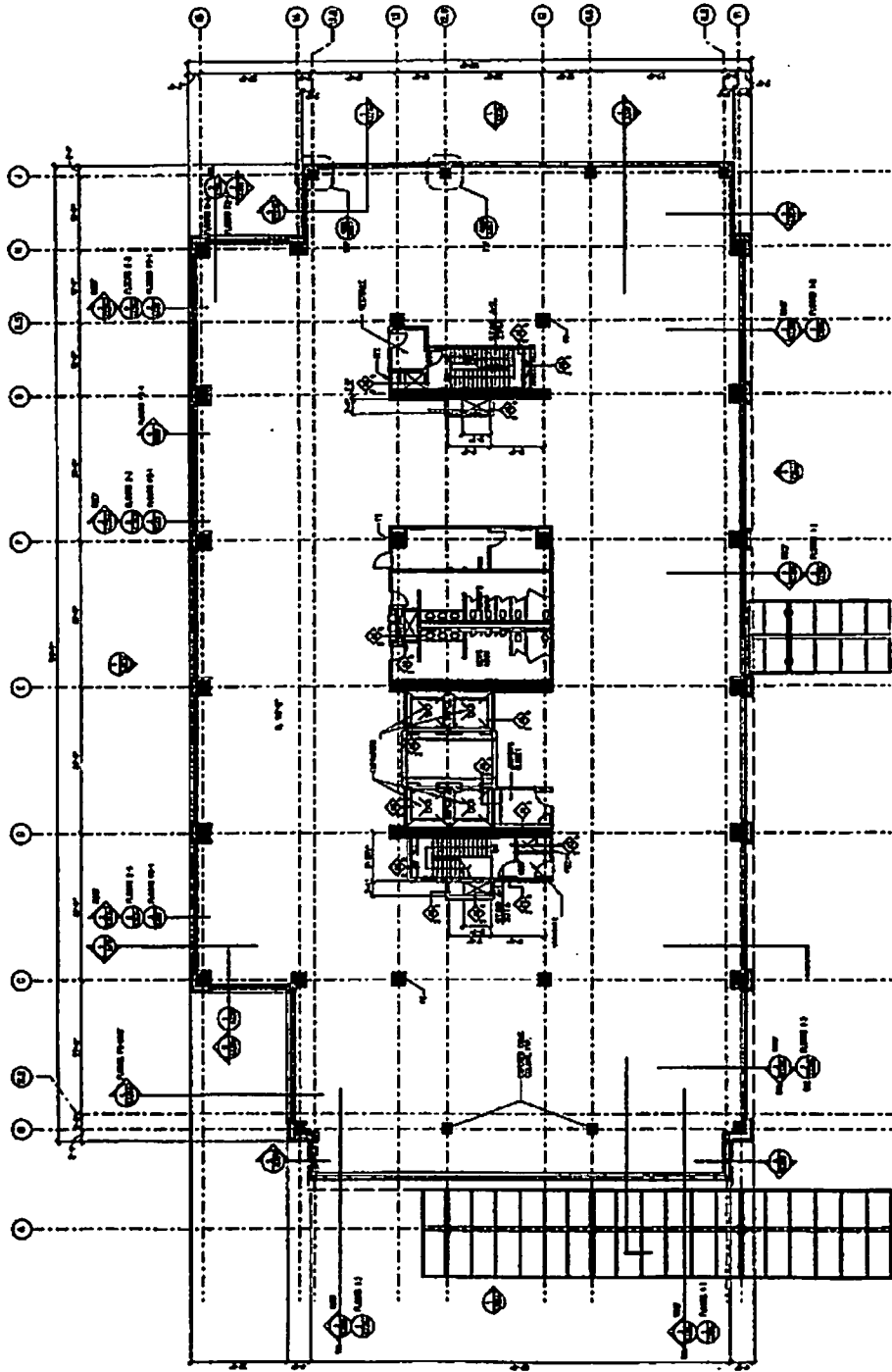


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3	12/10/10	ISSUED FOR OCCUPANCY
4	01/11/11	ISSUED FOR AS-BUILT

SECOND FLOOR PLAN
BUILDING 110

DATE	10/10/10
SCALE	1/8" = 1'-0"
PROJECT	1000 WEST 10TH AVENUE
CLIENT	100 BUILDING CORPORATION
ARCHITECT	LUNA ARCHITECTS

A202A



BASED UPON
 THE SURVEY, EXISTING AS NOTED AND RECORD



SECOND FLOOR PLAN - BUILDING 110



LUNARCI-TESTA
 ARCHITECTS
 1110 10th Avenue
 Bellevue, WA 98004

THE SUMMIT
 OFFICE BUILDING



1110 BUILDING DESIGN
 313 110th Avenue
 Bellevue, WA

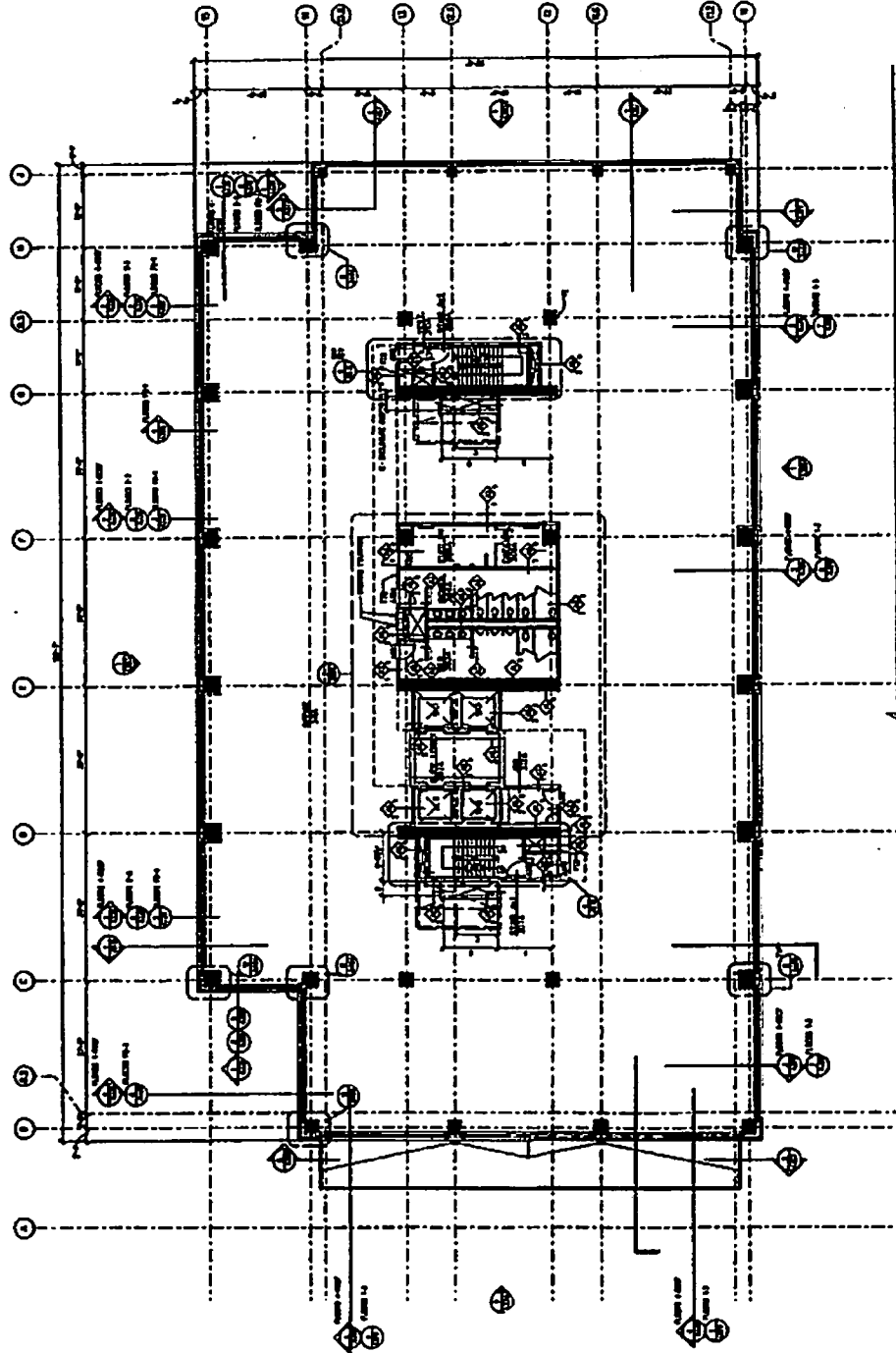
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THIRD FLOOR PLAN
 FLOOR 4-10 TYP
 BUILDING 110

A209A



THIRD FLOOR PLAN, FLOOR 4-10 TYP. - BLDG 110

LABRACHIOSTO
 ARCHITECTS
 1100 10TH AVENUE
 SEASIDE, CA 94134

THE SUMMIT
 A COMMUNITY DEVELOPMENT



110 BROADWAY
 3RD FLOOR
 SEASIDE, CA 94134

REVISED
 11/10/10

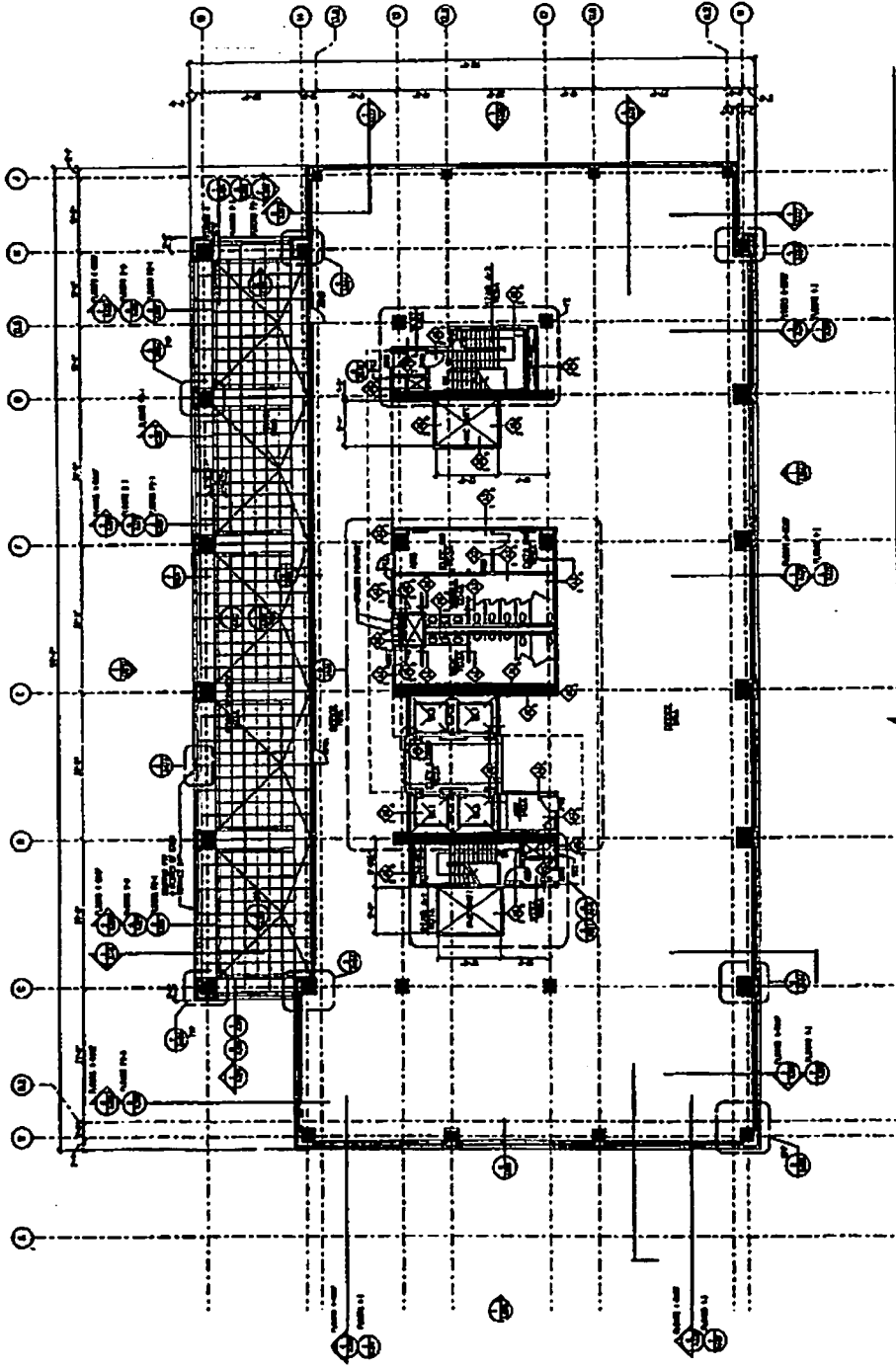


NO.	DATE	DESCRIPTION
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ELEVENTH FLOOR
 110 BROADWAY

NO.	DATE	DESCRIPTION
1	11/10/10	REVISED

A211A



110 BROADWAY - ELEVENTH FLOOR PLAN - 110 BROADWAY

LAMARPORT/TESTS
110 BUILDING PLAN
110 BUILDING PLAN

SUMMIT
ARCHITECTS



110 BUILDING PLAN
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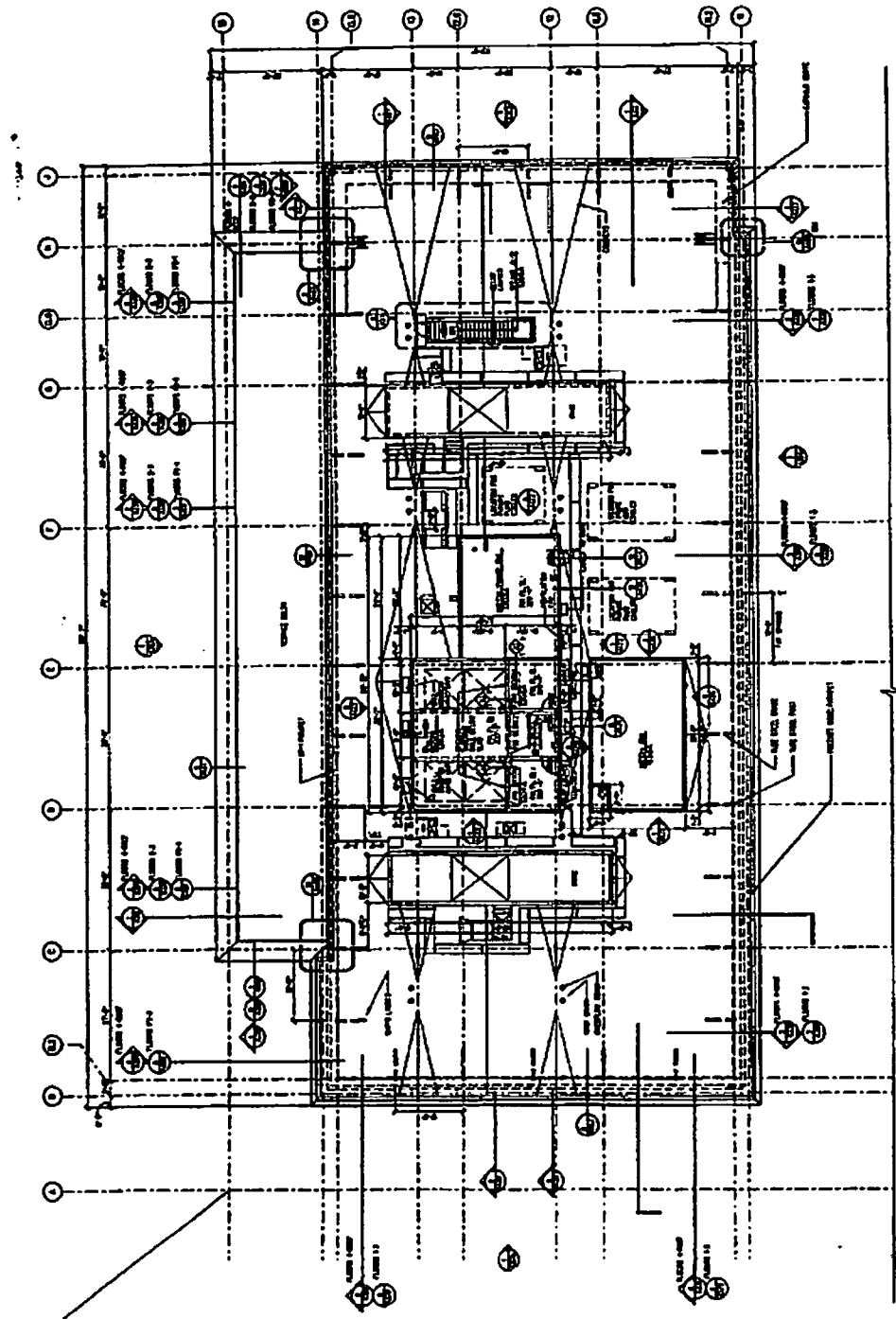
PROPERTY IDENTICAL
3.1.2020



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73	11/11/19	ISSUED FOR PERMITS
74	11/11/19	ISSUED FOR PERMITS
75	11/11/19	ISSUED FOR PERMITS
76	11/11/19	ISSUED FOR PERMITS
77	11/11/19	ISSUED FOR PERMITS
78	11/11/19	ISSUED FOR PERMITS
79	11/11/19	ISSUED FOR PERMITS
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96	11/11/19	ISSUED FOR PERMITS
97	11/11/19	ISSUED FOR PERMITS
98	11/11/19	ISSUED FOR PERMITS
99	11/11/19	ISSUED FOR PERMITS
100	11/11/19	ISSUED FOR PERMITS

PERMITS PLAN
110 BUILDING PLAN

A212A-F



PERMITS PLAN - 110 BUILDING PLAN



LEONARDO ARCHITECTS
1100 MARKET STREET, SUITE 100
SAN FRANCISCO, CA 94102
TEL: 415.774.8888

THE SUMMIT
COMMERCIAL BUILDINGS



110 BUILDING EXTENSION
2ND FLOOR SERVICE
BUILDING 110

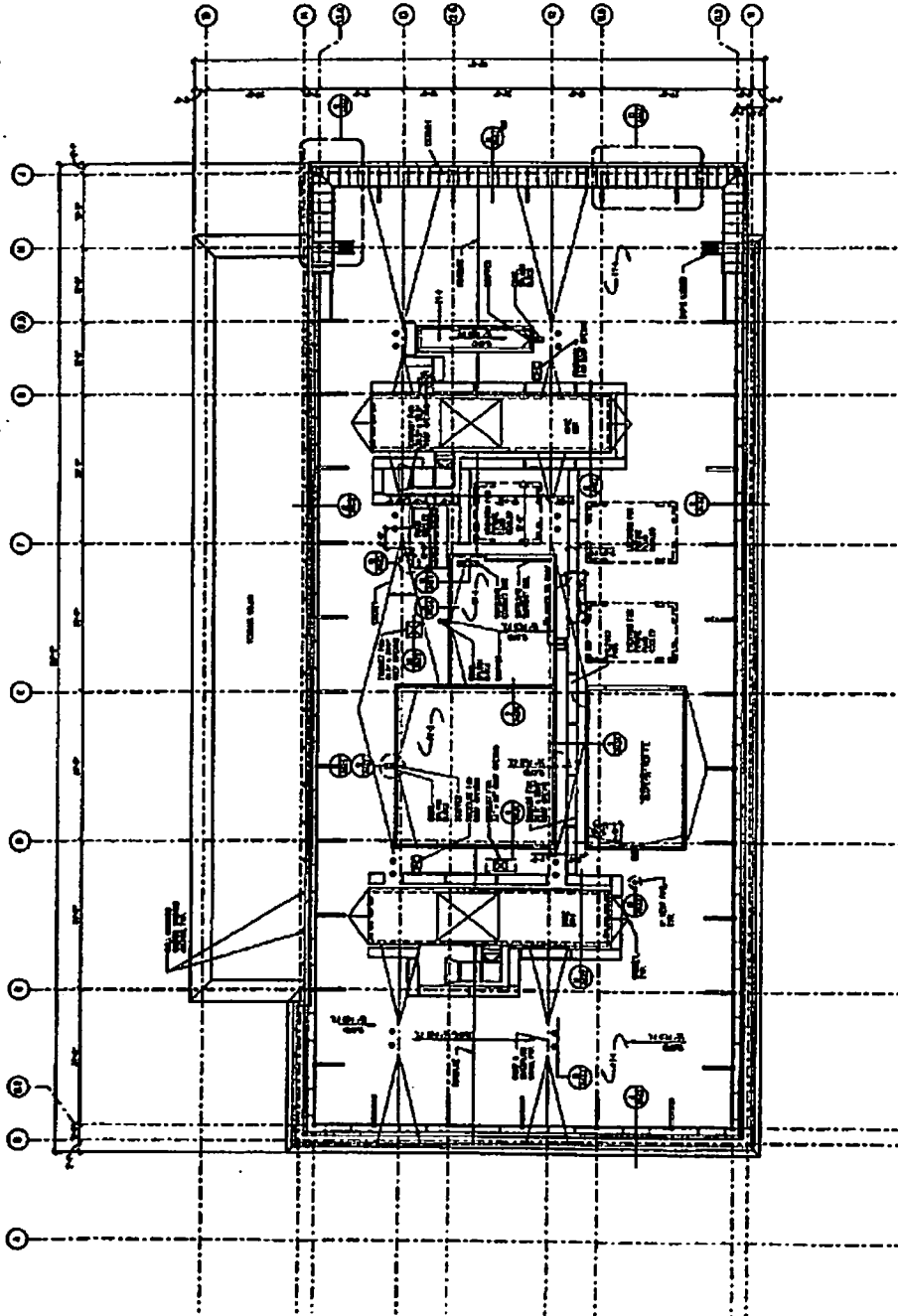
PROJECT ARCHITECT
LEONARDO ARCHITECTS



DATE	11/11/11
BY	J. M. ...
CHECKED	J. M. ...
SCALE	AS SHOWN
PROJECT NO.	110-110
DRAWING NO.	110-110-01
DATE	11/11/11
BY	J. M. ...
CHECKED	J. M. ...
SCALE	AS SHOWN
PROJECT NO.	110-110
DRAWING NO.	110-110-01

PROJECT NAME	110 BUILDING
PROJECT NO.	110-110
DRAWING NO.	110-110-01
DATE	11/11/11
BY	J. M. ...
CHECKED	J. M. ...
SCALE	AS SHOWN
PROJECT NO.	110-110
DRAWING NO.	110-110-01

A213A



110 BUILDING
2ND FLOOR SERVICE BUILDING



EXHIBIT J

DESCRIPTION OF BUILDING A SHELL ADDITIONS

September 8, 2003

BUILDING SHELL TECHNICAL DATA

1. STRUCTURE

- Concrete moment-resistive frame with concrete shear walls, wide/shallow beams and post-tensioned slabs. Floors are trowel finished for normal office usage. Elevated concrete floors shall achieve an Ff rating of 25 per ACI 117-90 per section 4.5.6-4.5.7 of the "Standard Specification for Tolerances for Concrete Construction and Materials".
- Post-tensioned concrete roof slab with rigid insulation and torch-down roofing system.
- Concrete system designed with low vibration characteristics (80 psf live load plus 20 psf partition load), with core shear walls in one direction
- Floor to floor heights are 18'-8" between the First and Second Floors and 12'-8" between all other floors.
- The building's I-FR construction type and related fire resistive ratings are the highest standards defined in the Uniform Building Code.

2. EXTERIOR

- Architectural precast concrete panels.
- High efficiency, gray tinted glazing set in a custom colored aluminum curtainwall, storefront and window system.
- Building entry will be highlighted by a two story, full height, clear glass wall leading to the building lobby.

3. ELEVATORS

- Four (4), 450 fpm, 3500 lb. geared traction passenger elevators. Three elevators serve Floors 1 thru 11, the fourth is a swing car (freight/passenger) and extends to the P2 Level of the parking garage.
- Two (2), 350 fpm, 3500 lb. geared traction passenger elevators serving all seven levels of parking garage and the first floor. Tenants & visitors will transfer from the garage elevators to the office tower elevators on the first floor.
- Custom cab interiors including polished stainless steel ceilings with down lights, wood and paneled walls, carpeted floors and stainless steel hoistway doors.

4. TENANT AREA AND LOBBIES

- Perimeter walls will have R-11 batt insulation with vapor barrier and framing complete.
- Interior Columns remain exposed for tenant improvement work.
- Tenant side of core walls shall be taped and ready for finishes.
- Main entry lobby and typical elevator lobbies shall receive upgraded finish packages.
- Tenant areas shall be finished with suspended acoustical ceilings at a 9'-0" ceiling height above finished floors. 2 x 4 acoustical tile (Second Look, Fine Fissured by Armstrong), main runners and cross tees shall be stocked on the floor for installation under tenant improvements.
- Building standard horizontal blinds provided at all exterior windows. Similar blinds will be provided at interior relites as a tenant improvement.

5. RESTROOMS, JANITOR CLOSETS, STAIRWAYS AND BUILDING SUPPORT SYSTEM ROOMS

- Restrooms include ceramic tile base & floor, full height ceramic tile on wet walls (other walls vinyl wallcovering), painted gypsum wallboard ceilings, sound insulation in the walls, gypsum board valances over counters and granite countertops. Toilet partitions will be of plastic laminate and ceiling hung.
- Janitor Closets include sealed concrete floors, rubber base, painted gypsum wallboard walls and exposed ceilings.
- Stairways include cast epoxy treads and landings, painted gypsum wallboard and/or concrete walls, painted steel stair structure and handrails and exposed ceilings.

- Building Support System Rooms include concrete floors, fire-taped gypsum wallboard walls and exposed ceiling including sound insulation in the walls.
- Water and waste stubs are provided on each floor at two locations for connection under the tenant improvements. Two drinking fountains are installed at each floor of the office towers.

6. ELECTRICAL

- Main building service of 6,000 amps, 480 Y/277 volts/3 phase provides power at the rate of 17 watts per square foot of gross building area. Main service transformer is fed from two directions, i.e., north and south on 110th Avenue NE.
- Electrical services (480 Y/277 volts/3 phase) are provided to tenant floors via isolated mechanical/lighting and convenience power busways. The separate busways effectively minimize electrical "noise" feedback from building elevators and HVAC equipment and provide "clean" convenience power.
- The mechanical/lighting busway connects to a 400 amp, 480Y/277 volt panel on each floor providing 11.6 watts per square foot for mechanical equipment and 1.2 watts per square foot for lighting.
- Each floor is also served by a 225 amp, 208Y/120 volt/3 phase panel via transformation providing 3.5 watts per square foot of tenant convenience power (a maximum of 6.0 watts per square foot is available).
- Standard lighting fixtures in tenant areas are 2' x 4', 3 lamp, 18 cell, 4" deep, parabolic louvered fixtures with translucent overlays, T-8 Octron SP 35 lamps and electronic ballasts. The fixtures conform to the Washington State non-residential energy code Section 1520 allowing for the unlimited usage of fixtures. Fixtures are stocked on the floors for installation under the tenant improvements at the rate of one fixture per 120 useable square feet.
- Tenant area lighting & HVAC controls are quadrant zoned for after hours working convenience and are controlled via the building energy management system. Four zones of control per floor are provided under the building shell. One after hours over-ride control keypads will be provided on each floor.
- Lighting in elevator lobbies will be via down lighting and perimeter coves. The restroom lighting is provided via fluorescent valances over counters supplemented with downlights; and in the stairways via wall mounted fluorescent fixtures at each landing.
- Core area exit signs, pathway lighting, stairwell and restroom emergency lighting are powered by a 1250 KW, 480Y/277 volt, diesel generator located on the roof of the PSE Building. The

generator will power only these items plus elevators and HVAC equipment as required by code for both office buildings and for the parking garage. A future tenant busway riser system route is provided allowing tenant access to the emergency power system and access to optional standby power at each floor via tenant installed transfer switches, busway and upgraded generator. One additional roof pad location has been included in the structural design to allow for the installation of a tenant supplied back-up generator on the roof of the PSE Building of up to 2MW. Fuel is supplied to a manifold system on the roof from the building 10,000 gallon storage tank located on level P2.

7. TELEPHONE/DATA

- The communications infrastructure for The Summit campus will be as described in the attached "Building Broadband Infrastructure." Demarc rooms are located at level P-3 of the parking garage. Current providers for this area of Bellevue are:

- (4) 4" conduit - E.L.I.
- (8) 4" conduit - Qwest
- (2) 4" conduit - AT&T

Qwest punch down blocks are provided at each floor. Qwest, AT&T and E.L.I can provide fiber service to the building via a tenant requested SONET ring located through this project. An inter project raceway system is provided to all buildings to allow a tenant in multiple buildings to communicate via a tenant provided fiber optic communications link.

Vertically stacked telephone/data rooms are provided in each building with (8) 4" diameter sleeves and a 6" X 36" block-out through all floors to allow telephone/data infrastructure access. A communications grounding buss is provided at each telephone/data room backboard to minimize electrical interference.

8. HVAC SYSTEM

- Medium temperature variable volume fan terminal system utilizing a supply air system served by two (2), 210 ton, roof-top mounted air-conditioning units complete with DX cooling, filters, VAV supply fans, economizer dampers and building relief fans. Total cooling density including the supplemental cooling towers is approximately 359 sf per cooling ton.
- The medium temperature (48 to 50 degrees) supply air system will supply conditioned air at a variable volume to the building via a medium velocity duct distribution system. As part of the building shell, one VAV box will be stocked on each floor for approximately every 1,050 useable square feet. Low pressure ducts, diffusers, flex connections and additional VAV boxes shall be provided as tenant improvement items. Power is provided to the disconnects installed on the VAV units. Additional VAV boxes as may be required per the tenant's design

requirements will be provided and all VAV boxes shall be installed under tenant improvements.

- Each zone will have a fan terminal unit. The VAV damper in the fan terminal unit precisely controls the quantity of primary cooling required to satisfy the zone. The fan runs continuously supplementing the primary cooling air with plenum air to maintain a constant volume of air supplied to the space. This creates a variable temperature/constant volume delivery system to the tenant area. Heat is included in all zones. When heat is required, the small fan in the fan terminal unit draws air from the plenum space and heats it up with an electrical heating coil. The heating coil cycles as required to maintain the space temperature.
- Shell First Floor areas will be served by water-cooled horizontal heat pumps. Shell units will have DDC controls mounted at unit ready for installation under tenant improvements.
- Supplemental cooling for special areas and continuous loads for the building will be provided as a tenant improvement via a fluid cooler mounted on the roof. Installation of the fluid cooler will include pumps and isolation bases.
- Building shell exhaust system is designed for an additional 1,000 CFM per floor of Tenant exhaust. Stubs are located at the stairwells for connection under tenant improvements.
- Design Criteria:
 - Lighting and equipment load of 4.0 watts per square foot (2.8 watts/sq.ft. equipment plus 1.2 watts/sq.ft. lighting).
 - Occupancy at the rate of one (1) person per 143 square feet at the perimeter zones.
 - Infiltration rate of 0.5 air changes per hour.
 - Outside air intake for ventilation at a rate of 20 cfm per person.
 - Air conditioning system designed to maintain an inside summer temperature of 78 degrees Fahrenheit, plus or minus 2 degrees Fahrenheit, at 83 degrees Fahrenheit outside air temperature with no humidity control and with all exterior openings closed except for normal usage.
 - Heating system designed to heat the building to 70 degrees Fahrenheit, plus or minus 2 degrees Fahrenheit, inside temperature at an outdoor temperature of 24 degrees Fahrenheit with all exterior openings closed except for normal usage.
- Controls – the following will be provided as part of the HVAC control system for the mechanical systems installed as part of the initial shell build out:
 - Richards Zeta Building Automation System DDC controls.
 - Thermostats to terminal units (hanging on the terminal box ready for tenant improvement placement).
 - Building static and duct static pressure control.
 - Economizer control.
 - All associated interlock wiring.
 - Building static pressure control.
 - Duct static pressure control.

- Duct smoke detectors per code.
- Modifications and/or additions to the shell system requiring additional controls, will be provided under tenant improvements.

9. FIRE PROTECTION

- Fire sprinkler system shall be provided based on NFPA 13 light hazard, approved by the City of Bellevue with down heads only. WSRB approval is excluded.
- All sprinkler heads will be quick-response. Heads in finished areas will be concealor style with flush escutcheons. Heads in the tenant spaces will be installed at the mains. Drops and installation of the concealor heads with the flush escutcheons in the finished ceiling of the tenant area will be a part of the tenant improvements.
- The building fire alarm system provided is based on the high-rise classification of the structure. The system is completely addressable with zones provided for each floor controlling mechanical systems, visual and voice annunciation and local alarm signals. Pull stations and alarm horn/strobes are provided in core areas only. Zone junction boxes for future tenant required smoke detectors and visual/audio annunciation are provided.
- Fire extinguishers will be provided for the shell common areas only as required by the City of Bellevue.

10. OTHER FEATURES

- The project will have a Group 5 Securitas Technology AMAG access control system. The system utilizes a proximity card reader system that provides controlled access to the building entry doors and elevators. The non-metallic cards need only be presented within a few inches of the reader to unlock the door or provide access to the elevator floor. The building has one door on the west side with a card reader. Card readers are also provided in all tower elevators for after-hours use or locked floor access. A full-floor tenant may elect to have their floor(s) locked on the elevators or open according to their specific hours. All card usage is recorded in history files. The system also includes options for photo imaging. The HID Corporation cards used can also be "linked" to tenant's suite access system(s) if they install a system of their own. Tenant's can then have one card that would provide both building and suite access.

EXHIBIT K

PROJECT SCHEDULE

Lease Amendment Execution	5/19/04
Start-up (4 weeks)	5/19/04 - 6/14/04
Shell & Core Construction (53 weeks)	6/7/04 - 6/10/05
T.I. Construction Documents (16 weeks)	6/7/04 - 9/24/04
T.I. Space Planning	To be determined.
Space Plan Review & Approval	To be determined.
T.I. Design Documents	To be determined.
Budget Pricing	To be determined.
Prelim Budget Review & Approval	To be determined.
Final Pricing (4 weeks)	9/27/04 - 10/22/04
Review & Approval (3 weeks)	10/25/04 - 11/12/04
Permits (7 weeks)	9/27/04 - 11/12/04
T.I. Construction (34 weeks)	11/15/04 - 7/01/05
Substantial Completion	7/8/05

Notes:

- (1) This Project Schedule is based on the Building A Tenant Improvements being similar to the improvements constructed in floors 8 through 11 of Building B.
- (2) The Project Schedule may be modified at various times as the work progresses but only upon mutual agreement between the Landlord and Tenant.

EXHIBIT L

Project Costs

See Attached

EXHIBIT L-Building Cost Base									
	1998	1999	2000	2001	2002	2003	Jan to May 2004	Construction Period Jun 04 - Jun 05	Costs incurred to construction close June 05
	Cost	Additions & Transfers	Additions	Additions	Additions	Additions	Additions	Additions	
Summit Ridge									
Land									
Building									
Leasing commissions									
Tenant improvements									
Recoverable depreciable assets									
Summit Phase I									
Land									
Building									
Summit Phase II									
Building									
Summit Consolidated									
Projected Net Operating Income									

NOI during
construction Period
Jun 04 - Jun 05

Summit Ridge
Summit Phase I
Summit Consolidated

Exhibit C

In the Matter of the Petition of PUGET SOUND ENERGY, INC. For an Accounting Order Authorizing Deferred Accounting Treatment for terminating and removing a transferable purchase option from a building lease agreement.

The Eighth Amendment to Lease Agreement (“Eighth Amendment”) executed the 15th day of June, 2007, by and between SUMMIT REIT, INC., a Maryland corporation, successor in interest to BTC SEATTLE LLC, a Delaware limited liability company (“Landlord”), and PUGET SOUND ENERGY, INC., a Washington corporation (“Tenant”)

EIGHTH AMENDMENT TO LEASE AGREEMENT

This Eighth Amendment to Lease Agreement ("Eighth Amendment") is made as of the 14th day of June, 2007, by and between SUMMIT REIT, INC., a Maryland corporation, successor in interest to BTC SEATTLE LLC, a Delaware limited liability company ("Landlord"), and PUGET SOUND ENERGY, INC., a Washington corporation ("Tenant").

RECITALS

A. Landlord, as successor in interest to BTC Seattle LLC, is the owner of those certain office buildings located in Bellevue, Washington, commonly known as the Puget Sound Energy Building, consisting of Building A and Building B. Tenant has leased the Building A Premises and the Building B Premises from Landlord pursuant to the terms of that certain Lease Agreement dated June 17, 2002, as amended by a First Amendment to Lease Agreement dated January 16, 2003, a Second Amendment to Lease Agreement dated May 1, 2003, a Third Amendment to Lease Agreement dated June 16, 2003, a Fourth Amendment to Lease Agreement dated May 19, 2004, a Fifth Amendment to Lease Agreement dated May 20, 2004, a Sixth Amendment to Lease Agreement dated November 16, 2005, and a Seventh Amendment to Lease Agreement dated November 20, 2006 (as amended, the "Lease").

B. Landlord and Tenant desire to further amend the Lease as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. **Defined Terms.** All capitalized terms used herein and not defined herein shall have the same meaning ascribed to them in the Lease.

2. **Termination and Removal of Option to Purchase.** Section 36 of the Fifth Amendment to Lease Agreement, entitled "Option to Purchase," is hereby deleted and removed from the Lease in its entirety. All of Tenant's rights under Section 36 are terminated fully hereby, and Tenant has no Purchase Option, no right to create separate lots, and no Right of First Opportunity to purchase, nor any other right to purchase, the Project or any portion thereof.

3. **Lease Ratified and Affirmed; Counterparts.** Except as expressly amended herein, the Lease is hereby ratified and affirmed. This Eighth Amendment may be (a) signed in counterparts, each of which shall be an original and together shall constitute a single document, and (b) signed by facsimile or scanned signature, to be followed by an executed original.

LANDLORD:

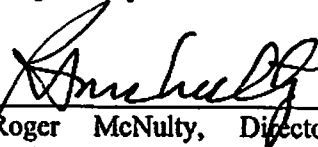
SUMMIT REIT, INC.,
a Maryland corporation

By: 
Gary Carpenter, Director

By: _____

TENANT:

PUGET SOUND ENERGY, INC.,
a Washington corporation

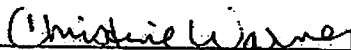
By: 
Roger McNulty, Director Corporate
Facilities

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this 15th day of June, 2007, before me, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared GARY CARPENTER, to me known or identified to be a Director of SUMMIT REIT, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to executed said instrument.

WITNESS my hand and official seal the day and year first above written.

CHRISTINE WARNER
STATE OF WASHINGTON
NOTARY --- PUBLIC
MY COMMISSION EXPIRES 7-01-08


NOTARY PUBLIC for the State of
Washington, residing at Kent
Commission Exp: 7-1-08
Print Name: Christine Warner

PROVINCE OF QUEBEC)
) ss.
CITY OF MONTREAL)

THIS IS TO CERTIFY that on this ____ day of June, 2007, before me, a notary public in and for the Province of Quebec, duly commissioned and sworn, personally appeared _____, to me known or identified to be _____ of SUMMIT REIT, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to executed said instrument.

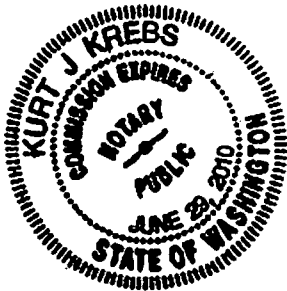
WITNESS my hand and official seal the day and year first above written.

NOTARY PUBLIC for the Province of Quebec,
residing at _____
Commission Exp: _____
Print Name: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this 5 day of June, 2007, before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared ROGER MCNULTY, to me known or identified to be the Director Corporate Facilities of PUGET SOUND ENERGY, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument, and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal the day and year first above written.



KJ Krebs
NOTARY PUBLIC for the State of
Washington, residing at Luvaalup
Commission Exp: 6/29/2010
Print Name: KURT J. KREBS.

Exhibit D

In the Matter of the Petition of PUGET SOUND ENERGY, INC. For an Accounting Order Authorizing Deferred Accounting Treatment for terminating and removing a transferable purchase option from a building lease agreement.

The Ninth Amendment to Lease Agreement (“Ninth Amendment”) made as of the 15th day of June, 2007, by and between SUMMIT REIT, INC., a Maryland corporation, successor in interest to BTC SEATTLE LLC, a Delaware limited liability company (“Landlord”), and PUGET SOUND ENERGY, INC., a Washington corporation (“Tenant”)

NINTH AMENDMENT TO LEASE AGREEMENT

This Ninth Amendment to Lease Agreement ("Ninth Amendment") is made as of the 15 day of June, 2007, by and between SUMMIT REIT, INC., a Maryland corporation, successor in interest to BTC SEATTLE LLC, a Delaware limited liability company ("Landlord"), and PUGET SOUND ENERGY, INC., a Washington corporation ("Tenant").

RECITALS

A. Landlord, as successor in interest to BTC Seattle LLC, is the owner of those certain office buildings located in Bellevue, Washington, commonly known as the Puget Sound Energy Building, consisting of Building A and Building B. Tenant has leased the Building A Premises and the Building B Premises from Landlord pursuant to the terms of that certain Lease Agreement dated June 17, 2002, as amended by a First Amendment to Lease Agreement dated January 16, 2003, a Second Amendment to Lease Agreement dated May 1, 2003, a Third Amendment to Lease Agreement dated June 16, 2003, a Fourth Amendment to Lease Agreement dated May 19, 2004, a Fifth Amendment to Lease Agreement dated May 20, 2004, a Sixth Amendment to Lease Agreement dated November 16, 2005, a Seventh Amendment to Lease Agreement dated November 20, 2006, and an Eighth Amendment to Lease Agreement dated June 14, 2007 (as amended, the "Lease").

B. Landlord and Tenant desire to further amend the Lease as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. **Defined Terms.** All capitalized terms used herein and not defined herein shall have the same meaning ascribed to them in the Lease.

2. **Lease Term Extensions.** Tenant by execution of this Ninth Amendment has exercised those of its Renewal Options to extend the Lease Term as to all of the Premises occupied as of the date of this Ninth Amendment set forth below. Landlord and Tenant confirm the current and extended Lease Term and remaining Renewal Options are as follows:

Premises Building	Current Term Expiration	Premises Expiration Date as Extended by this 9 th Amendment	Renewal Option Exercised by this 9 th Amendment and Resulting Extended Lease Term	Remaining 5-year Renewal Options	Landlord 6 Month Rent Notice Date for Each Extended Lease Term
Building A 110 Building; Floors 1-11	10/31/2015	10/31/2020	1 st 5-year option	2 nd and 3 rd	4/31/2015

Building B PSE Building; Floors 8-9	7/31/2008	7/31/2018	1 st and 2 nd 5-year options	3 rd and 4 th	1/31/2008 [1 st renewal term] 1/31/2013 [2 nd renewal term]
Floor 10-11	7/31/2013 [1 st option exercised in 5 th Amend]	7/31/2018	2nd 5-year option	3 rd and 4 th	1/31/2008 [1 st renewal term] 1/31/2013 [2 nd renewal term]
Floor 12	7/31/2013	7/31/2018	1 st 5-year option	2 nd and 3 rd	1/31/2013

Even though Section 4(c) of the Lease, as amended by the Fifth Amendment to Lease Agreement, provides that Tenant's notice of exercise of its option to extend the Lease Term is not to be delivered more than 18 months prior to expiration of the current term, the parties waive such notice as to the extensions set forth above and agree the Lease Terms for the respective portions of the Premises are extended by this Ninth Amendment to the dates set forth above. As provided in Section 4(c), at least six (6) months prior to commencement of the extended Lease Term for the respective portions of the Premises as set forth in this Ninth Amendment [*i.e.* prior to the dates shown in the chart above], Landlord will notify Tenant of the rental rates for the applicable extended Lease Term (which as provided in Section 4(c) shall be ninety-five percent (95%) of the then-prevailing competitive rates for comparable space in Bellevue Class A office buildings for each 5 year extension of the Lease Term, not to exceed, with respect to Building B Premises during the period 8/1/2008 through 7/31/2013, the Modified Gross Rent specified in Section 1(i)(1) as restated in the Fifth Lease Amendment), and Tenant will have the applicable dispute resolution rights as to the rental rate as provided in beginning in the eighth (8th) sentence of Section 4(c) and in Section 33.

3. Lease Ratified and Affirmed; Counterparts. Except as expressly amended herein, the Lease is hereby ratified and affirmed. This Ninth Amendment may be (a) signed in counterparts, each of which shall be an original and together shall constitute a single document, and (b) signed by facsimile or scanned signature, to be followed by an executed original.

LANDLORD:

SUMMIT REIT, INC.,
a Maryland corporation

By: [Signature]
Gary Carpenter, Director

By: _____

TENANT:

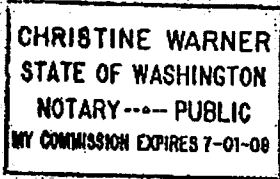
PUGET SOUND ENERGY, INC.,
a Washington corporation

By: [Signature]
Roger McNulty, Director Corporate
Facilities

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this 15th day of June, 2007, before me, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared GARY CARPENTER, to me known or identified to be a Director of SUMMIT REIT, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to executed said instrument.

WITNESS my hand and official seal the day and year first above written.



Christine Warner
NOTARY PUBLIC for the State of
Washington, residing at Kent
Commission Exp: 7-1-08
Print Name: Christine Warner

PROVINCE OF QUEBEC)
) ss.
CITY OF MONTREAL)

THIS IS TO CERTIFY that on this ____ day of June, 2007, before me, a notary public in and for the Province of Quebec, duly commissioned and sworn, personally appeared _____, to me known or identified to be _____ of SUMMIT REIT, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to execute said instrument.

WITNESS my hand and official seal the day and year first above written.

NOTARY PUBLIC for the Province of Quebec,
residing at _____
Commission Exp: _____
Print Name: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this 15 day of June, 2007, before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared ROGER MCNULTY, to me known or identified to be the Director Corporate Facilities of PUGET SOUND ENERGY, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument, and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal the day and year first above written.



KJK
NOTARY PUBLIC for the State of
Washington, residing at Rayald
Commission Exp: 6/29/2010
Print Name: Kurt J. KREBS

Exhibit E

In the Matter of the Petition of PUGET SOUND ENERGY, INC. For an Accounting Order Authorizing Deferred Accounting Treatment for terminating and removing a transferable purchase option from a building lease agreement.

Settlement Agreement entered into effective June 14, 2007, by and between SUMMIT REIT, INC., a Maryland corporation ("Summit"), and PUGET SOUND ENERGY, INC., a Washington corporation ("Tenant")

SETTLEMENT AGREEMENT

This Settlement Agreement is entered into effective June 14, 2007, by and between SUMMIT REIT, INC., a Maryland corporation ("Summit"), and PUGET SOUND ENERGY, INC., a Washington corporation ("PSE"), on the terms provided herein.

RECITALS

A. Summit is the landlord (as successor-in-interest to BTC Seattle LLC) and PSE is a tenant in certain office buildings located in Bellevue, Washington commonly known as the Puget Sound Energy Building, consisting of Buildings A and B, pursuant to a lease dated June 17, 2002, as amended ("Lease Agreement"). Buildings A and B are part of a larger real estate ownership by Summit (including the Summit Ridge Building), which collectively are defined as the "Project" in the Lease Agreement.

B. Section 36 of the Fifth Amendment to Lease Agreement, entitled "Option to Purchase," provided Tenant with certain purchase opportunities related to the Project, including the right to create separate parcels, the right of first opportunity to purchase any portion of the Project if being offered for sale by Summit, and a one-time Project purchase option exercisable by PSE ("Purchase Option").

C. The Purchase Option set forth the method to compute the purchase price for the Project, including a definition of Project Costs and a computation of an unleveraged internal (compounded) rate of return. In the course of discussions between the parties about PSE's exercise of the Purchase Option, a dispute arose between Summit and PSE relating to the computation of the purchase price.

D. The parties wish to resolve all disputes and avoid the costs and risks of any litigation or continued dispute relating to the computation of the purchase price pursuant to the Purchase Option.

E. Concurrent with execution of this Settlement Agreement, the parties are executing, sequentially, the Eighth Amendment to Lease Agreement ("Eighth Amendment"), which provides both for termination and removal of the purchase option and the Ninth Amendment to Lease Agreement ("Ninth Amendment", which for clarity of sequence only shall have an effective date of the day following the Eighth Amendment), for extension of the existing lease terms, in consideration of a payment by Summit as provided herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties agree as follows:

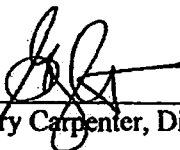
1. Termination of Option to Purchase. The parties agree to execute the Eighth Amendment and the Ninth Amendment and acknowledge and confirm that PSE thereupon will have no further right, claim or interest of any nature regarding any purchase of the Project or any building or portion thereof.

2. Payment. Concurrent with and in consideration of execution of the Eighth Amendment and Ninth Amendment, Summit will pay PSE the sum of Twenty Million Dollars (\$20,000,000 USD).

3. Fees or Taxes. Summit shall pay Bentall USA ("Bentall") and Pacific Real Estate Partners ("PREP") any commission, if any, which may be due to PREP as a result of the option termination under the Eighth Amendment or lease extensions under the Ninth Amendment. Summit represents that it has not engaged any other broker with respect to the Lease or transactions contemplated by this Settlement Agreement. Except to the extent any other broker commission or other fees in connection with the option termination or lease extensions under the Eighth Amendment or Ninth Amendment arises through an engagement by Summit or Bentall, PSE will be responsible (and indemnify and hold Summit harmless) for payment of any fees to the extent any are due. Without limiting the generality of the foregoing, PSE will be responsible to compensate MacGregor Miller and David Ray of MetPartners pursuant to separate agreement. Each party will be responsible (and indemnify and hold the other party harmless) for its own tax obligations, if any, relating to the payment made under this Settlement Agreement.

4. General. This Settlement Agreement is governed by the laws of the State of Washington and shall not be amended except upon the written signature of each party. In the event of any dispute relating to this agreement, the prevailing party shall be entitled to its reasonable attorneys' fees and costs (however, any dispute under the Eighth Amendment or Ninth Amendment shall be governed by the Lease). Each party represents and warrants that the party signing below has authority to execute this Settlement Agreement. This Settlement Agreement may be (a) signed in counterparts, each of which shall be an original and together shall constitute a single document, and (b) signed by facsimile or scanned signature, to be followed by an executed original.


SUMMIT REIT, INC. a Maryland corporation

By: 

Gary Carpenter, Director

By: _____

PUGET SOUND ENERGY, INC., a Washington corporation

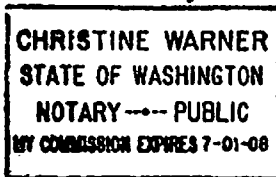
By: 

Roger McNulty, Director Corporate Facilities

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this 15th day of June, 2007, before me, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared GARY CARPENTER, to me known or identified to be a Director of SUMMIT REIT, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to executed said instrument.

WITNESS my hand and official seal the day and year first above written.



Christine Warner
NOTARY PUBLIC for the State of
Washington, residing at Kent
Commission Exp: 7-1-08
Print Name: Christine Warner

PROVINCE OF QUEBEC)
) ss.
CITY OF MONTREAL)

THIS IS TO CERTIFY that on this ___ day of June, 2007, before me, a notary public in and for the Province of Quebec, duly commissioned and sworn, personally appeared _____, to me known or identified to be _____ of SUMMIT REIT, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that said individual was authorized to executed said instrument.

WITNESS my hand and official seal the day and year first above written.

NOTARY PUBLIC for the Province of Quebec,
residing at _____
Commission Exp: _____
Print Name: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

THIS IS TO CERTIFY that on this 15 day of June, 2007, before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared ROGER MCNULTY, to me known or identified to be the Director of Corporate Facilities of PUGET SOUND ENERGY, INC., the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument, and that the seal affixed is the corporate seal of said corporation.

WITNESS my hand and official seal the day and year first above written.



KJK
NOTARY PUBLIC for the State of
Washington, residing at Rayfield
Commission Exp: 6/29/2010
Print Name: KURT J. KREBS.

Exhibit F

In the Matter of the Petition of PUGET SOUND ENERGY, INC. For an Accounting Order Authorizing Deferred Accounting Treatment for terminating and removing a transferable purchase option from a building lease agreement.

Proposed Order

Exhibit F

**BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

For an Accounting Order Authorizing Deferred Accounting Treatment for terminating and removing a transferable purchase option from a building lease agreement.

Docket No. UE-07 _____

ORDER (PROPOSED)

BACKGROUND

On September __, 2007, Puget Sound Energy, Inc. ("PSE" or the "Company") filed a petition seeking an Accounting Order under WAC 480-07-370(b)(i) requesting deferred accounting treatment related to the termination and extinguishment of a purchase option in the lease for PSE's corporate headquarters facilities in Bellevue. PSE proposes to use the proceeds (approximately \$18.9 million) to offset future scheduled increases under the lease.

PSE requested in its Petition that the Commission approve: (1) deferred accounting treatment for the proceeds, net of incremental transaction costs, resulting from a Settlement Agreement to amend the PSE lease for its corporate headquarters buildings by terminating and removing the purchase option and by extending the existing lease terms in consideration of a \$20 million (USD) payment to the Company by Summit REIT, Inc. and (2) amortization of the total deferred balance over seven years commencing January 1, 2008 and shaped in accordance with scheduled near-term

contractual lease increases as shown in Exhibit A of its Petition. The proceeds net of transaction costs are approximately \$18.9 million.

7. The Company states that it anticipated, in negotiating the transaction, that the monetary consideration received would be used in an effort to offset near-term contractual lease increases. Accordingly, the accounting treatment requested is in order for PSE to be able to match the transaction proceeds against such scheduled rent increases. These proceeds would otherwise cause a large lease expense reduction currently only to be followed by escalating scheduled increases in subsequent years. The Company believes that the disposition of the purchase option and related changes to the underlying lease in the manner described in its accounting petition would best serve the interests of all stakeholders.

FINDINGS AND CONCLUSIONS

- 1 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington vested by statute with the authority to regulate rates, rules, regulations, practices, accounts, securities, and transfers of public service companies, including electric companies. *RCW 80.01.040, RCW 80.04, RCW 80.28, RCW 80.08 and RCW 80.12.*
- 2 (2) PSE is a combination electric and gas company and is a public service company subject to the jurisdiction of the Commission.
- 3 (3) WAC 480-07-370(b)(i) allows companies to file petitions for accounting treatment, including treatment for which PSE seeks approval.
- 4 (4) Staff has reviewed the petition in Docket UE-07____ including related workpapers. Staff believes the proposed accounting petition requested by PSE is reasonable and should be approved.

- 5 (5) This matter was brought before the Commission at its regularly scheduled meeting on September __, 2007.
- 6 (6) After examination of the petition filed in Docket UE-07____ by PSE on September __, 2007, and giving due consideration to all relevant matters and for good cause shown, the Commission finds that the petition filed should be approved.

O R D E R

THE COMMISSION ORDERS:

- 7 (1) Puget Sound Energy's request to (1) defer the proceeds, net of incremental transaction costs, resulting from removing the transferable purchase option from a building lease agreement and extending the lease terms in consideration of a \$20 million payment and (2) amortize the deferred balance over seven years to offset near-term contractual lease increases is approved.
- 8 (2) This Order shall not affect the Commission's authority over rates, services, accounts, evaluations, estimates, or determination of costs in any matters that may come before it, nor be construed as an acquiescence in any estimate or determination of costs claimed or asserted.
- 9 (3) The Commission retains jurisdiction over the subject matter and Puget Sound Energy to effectuate the provisions of this Order.

The Commissioners, having determined this Order to be consistent with the public interest, directed the Secretary to enter this Order.

DATED at Olympia, Washington, and effective September __, 2007.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARK SIDRAN, Chairman

PHILLIP JONES, Commissioner

PATRICK OSHIE, Commissioner