AFTER RECORDING RETURN TO:

Radler White Parks & Alexander LLP
111 SW Columbia Street, Suite 1100
Portland, Oregon 97201
Attn: Christe White

COVENANT TRANSFERRING FLOOR AREA RATIO

NOW, THIS COVENANT TRANSFERRING FLOOR AREA RATIO (this “Covenant”), is granted as of
2016, by Carlyle Building, LLC, an Oregon Limited Liability Company (“Grantor”) to
Lot-306 LLC, an Oregon Limited Liability Company and West Alder, LLC, an Oregon Limited Liability
Company (together “Grantee”).

RECITALS

A. Grantor is the fee title owner of the real property commonly known as Lot 3, located at
521-527 SW 11th Avenue, Portland, Oregon, and more particularly described on the attached Exhibit A
(“Lot 3”).

B. Grantee is the fee title owner of the real property commonly known as Lots 1, 2, 5, 6, 7
 AND 8, Block 256 between SW 11th and 12th Avenues and Washington and Alder Streets, Portland,
Oregon and more particularly described on the attached Exhibit B (“Receiving Lot”).

C. Pursuant to PCC 33.910.030, Lot 3 and the Receiving Lot comprise the same Site as that
term is defined by Portland City Code (“PCC”) and therefore the base and bonus floor area potential of
Lot 3 and the Receiving Lot can be calculated based on the combined land area of both Lot 3 and the
Receiving Lot.

D. Lot 3 consists of approximately 5,000 square feet with a base floor area ratio (“FAR”) of
9:1 and an FAR maximum bonus allowance of 3:1. Lot 3 is developed with an 18,152 square foot office
building. Grantor desires to reserve for Lot 3 1,848 square feet in addition to the 18,152 square feet in
the existing building for a total of 20,000 square feet. The remaining base FAR and unused FAR potential
on Lot 3 is 40,000 square feet (the “Transferred FAR”).

E. The Receiving Lot is located on the same block as Lot 3 and comprises 30,000 square
feet. The Receiving Lot has a base FAR of 9:1 and an FAR maximum bonus allowance of 3:1.

F. Grantor desires to transfer and convey to Grantee all of Grantor’s right, title and interest
in and to the Transferred FAR and Grantor desires to accept such transfer and conveyance and to
allocate the Transferred FAR to the Receiving Lot.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are
hereby acknowledged, the parties agree as follows:
1. **Assignment/Transfer.** Grantor hereby transfers and conveys to Grantee all of Grantor’s right, title and interest in and to the Transferred FAR, and Grantee hereby accepts the transfer and conveyance of the Transferred FAR.

2. **Base FAR.** As of the recording of this Covenant, the remaining base and bonus FAR on Lot 3 is 20,000 square feet, which represents the current square footage of the existing office building on Lot 3, plus the reserved 1,848 square feet, and which excludes the Transferred FAR consisting of 40,000 square feet. As of the recording of this Covenant, the new base and bonus FAR on the Receiving Lot is 400,000 square feet, which includes the Transferred FAR consisting of 40,000 square feet, the base and bonus FAR potential of 334,010 square feet and the existing development of 25,990 square feet on the Receiving Lot. No future fee owner of Lot 3 shall have any right, title or interest in or to the Transferred FAR, which shall be separately owned by Grantee, and transferred to the Receiving Lot.

3. **Runs with the Land.** This Covenant shall run with Lot 3 and the Receiving Lot and shall be binding on all future owners of Lot 3 and the Receiving Lot and all other persons and parties claiming through Grantor and shall be recorded as a limitation on all future owners of Lot 3 and the Receiving Lot.

4. **Intended Beneficiaries.** This Covenant is intended to benefit Grantee, including its successors and assigns, by transferring the Transferred FAR to the Receiving Lot. This Covenant is also intended to benefit the City by assuring that the overall density of development on the Receiving Lot does not exceed the maximum density allowed under the Code.

5. **Enforcement.** Grantor acknowledges that if Grantor fails to perform under this Covenant, the City shall have the right to bring legal proceedings against the persons violating or threatening to violate this Covenant, including seeking all necessary injunctive relief while a violation of this Covenant exists.

6. **Assurances of Grantor.** Grantor warrants that it is the legal owner of Lot 3 and, to Grantor’s knowledge, Grantor has the right to assign, transfer and convey the Transferred FAR, and covenants that it will, at Grantee’s sole cost and expense, execute or procure any further necessary assurances to vest the Transferred FAR in Grantee. Grantor further warrants that, to Grantor’s knowledge, it has fully complied with all of its obligations under any and all land use approvals applicable to Lot 3. Grantor shall, at Grantee’s sole cost and expense, execute and deliver from time to time, promptly upon request of Grantee, such additional documents and instruments as Grantee shall deem reasonably necessary (a) to confirm that the property interest hereby transferred is the Transferred FAR only and does not include fee ownership of land or the ownership interests that would create liability for any of the following to the extent applicable to or assessed against Lot 3: real estate taxes; water, sewer or other public utility charges; systems development charges; or any other similar governmental or public agency charges, and (b) to make all applications and filings as may be reasonably requested by Grantee to enable Grantee to fully utilize the Transferred FAR or to further assign, transfer or convey the Transferred FAR to any other person, entity or property.

7. **Amendment.** This Covenant may not be amended or terminated except by a written instrument executed by the parties benefited and burdened by this Covenant, and the City.

8. **Recordation.** Grantor shall submit this Covenant to the Multnomah County Recorder with instructions to record said Covenant with the deed records of Lot 3 and the Receiving Lot.

9. **Recitals.** The “Recitals” set forth at the beginning of this Covenant are hereby incorporated into this Covenant by this reference as if set forth in their entirety herein.
10. **Counterparts.** This Covenant may be executed in counterparts, each of which shall be deemed an original and when taken together shall constitute one and the same instrument.

11. **Indemnification.** Grantor shall hold harmless, defend and indemnify the City of Portland and the City's officers, agents, and employees against all claims, demands, actions and suits, including attorneys' fees and costs, brought against any of them arising directly out of the FAR transfer which is the subject of this Covenant to the extent such claim, demand, action or suit is caused by the act of omission of Grantor. Grantee shall hold harmless, defend and indemnify the City of Portland and the City's officers, agents, and employees against all claims, demands, actions and suits, including attorneys' fees and costs, brought against any of them arising directly out of the FAR transfer which is the subject of this Covenant to the extent such claim, demand, action or suit is caused by the act of omission of Grantee.

12. **Future Rights.** If the PCC is amended subsequent to the date of recording this Covenant to increase the maximum floor area allowed on Lot 3 or the Receiving Lot, then the maximum floor area allowed on Lot 3 shall be the new maximum allowed under the PCC, less the Transferred FAR, and the maximum floor area allowed on the Receiving Lot shall be the new maximum under the PCC, plus the Transferred FAR.

IN WITNESS WHEREOF, Grantor and Grantee have executed this Covenant on the date stated above.

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**GRANTOR:** CARLYLE BUILDING, LLC

By: [Signature]

Its: [Name]

Date: Nov. 23, 2016

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**GRANTEE:** LOT-306, LLC

By: [Signature]

Its: [Name]

Date: 11-28-16

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**West Alder, LLC**

By: [Signature]

Its: [Name]

Date: 11-28-16

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Approved as to Form:

__________________________
City Attorney, City of Portland
STATE OF OREGON

County of Multnomah

The foregoing instrument was acknowledged before me on November 23, 2016 by R. Barry Menache, as Member of Carlyle Building, LLC, on behalf of the limited liability company.

Notary Public for Oregon
My Commission Expires: 7/23/2019

STATE OF OREGON

County of Multnomah

The foregoing instrument was acknowledged before me on Nov. 28, 2016 by Grey Goodman, as Manager of Lot 306, LLC and West Alder, LLC on behalf of the limited liability company.

Notary Public for Oregon
My Commission Expires: 1/25/19
EXHIBIT A

Legal Description of Lot 3

Lot 3, Block 256, CITY OF PORTLAND, in the CITY OF PORTLAND Southeast quarter of Section 33, Township 1 North, Range 1 East, Willamette Meridian, Multnomah County, Oregon.
EXHIBIT B
Legal Description of the Receiving Lot

Lots 1 and 2, Block 256, CITY OF PORTLAND, in the City of Portland, County of Multnomah and State of Oregon.

Lots 5 and 6, Block 256, PORTLAND, in the City of Portland, County of Multnomah and State of Oregon.

Lots 7 and 8, Block 256, PORTLAND, in the City of Portland, County of Multnomah and State of Oregon.