

File No.: 04-1000-20-2017-220

February 14, 2018

s.22(1)

Dear s.22(1)

Re: Request for Access to Records under the Freedom of Information and Protection of Privacy Act (the "Act")

I am responding to your request of June 7, 2017 for:

Contracts and invoices between the City of Vancouver, Vancouver Film School, and Mimic Performance Capture Inc. regarding the lease of a City-owned building in Gastown and also the lease of a "36,000-square-foot studio" located in the basement of this building from January 1, 2014 to June 7, 2017.

Further details of the studio are noted in the following articles:

<http://www.metronews.ca/news/vancouver/2017/05/18/canadas-largest-motion-capture-studio-opens-in-vancouver.html>

<https://www.biv.com/article/2017/5/vancouver-film-school-opens-largest-motion-capture/>

All responsive records are attached. Some information in the records has been severed, (blacked out), under s.17(1) of the Act. You can read or download this section here: http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/96165_00

Please note: the City was just informed by the OIPC that the third parties have agreed to withdraw their request for a review.

Under section 52 of the Act you may ask the Information & Privacy Commissioner to review any matter related to the City's response to your request. The Act allows you 30 business days from the date you receive this notice to request a review by writing to: Office of the Information & Privacy Commissioner, info@oipc.bc.ca or by phoning 250-387-5629.

If you request a review, please provide the Commissioner's office with: 1) the request number assigned to your request (#04-1000-20-2017-220); 2) a copy of this letter; 3) a copy of your original request for information sent to the City of Vancouver; and 4) detailed reasons or grounds on which you are seeking the review.

Please do not hesitate to contact the Freedom of Information Office at foi@vancouver.ca if you have any questions.

Yours truly,

A handwritten signature in black ink, appearing to be 'B. Van Fraassen', with a stylized, flowing script.

Barbara J. Van Fraassen, BA
Director, Access to Information

Barbara.vanfraassen@vancouver.ca
453 W. 12th Avenue Vancouver BC V5Y 1V4
Phone: 604.873.7999
Fax: 604.873.7419

Encl.

:cf

CITY OF VANCOUVER

FOI 2017-220

Rental Charges charged Vancouver Film School (VFS)

Jan 1, 2014 - Jun 7, 2017

		Regular Rent Charges (incl. GST)				Cost Recovery (incl. GST)			TOTAL Regular & Cost Recovery
	Invoice No.	Rent	Op. Costs	Rent in Lieu	TOTAL Regular Charges	Recovery - Hydro	Recovery - Steam	TOTAL Cost Recovery	
2014	Jan	4051532	s.17(1)					-	s.17(1)
	Feb	4052180						-	
	Mar	4052747				38,079.00	17,409.65	55,488.65	
	Apr	4053294						-	
	May	4053882						-	
	Jun	4054333				45,388.18	8,732.35	54,120.53	
	Jul	4054919						-	
	Aug	4055590						-	
	Sep	4056053				51,604.51	4,311.80	55,916.31	
	Oct	4056669						-	
	Nov	4057208						-	
	Dec	4057738				49,945.14	14,284.32	64,229.46	
		TOTAL					185,016.83	44,738.12	
2015	Jan	4058264	s.17(1)					-	s.17(1)
	Feb	4058835						-	
	Mar	4059361				47,018.75	19,391.38	66,410.13	
	Apr	4060723						-	
	May	4061704						-	
	Jun	4062657				52,360.53	10,736.75	63,097.28	
	Jul	4064063						-	
	Aug	4065850						-	
	Sep	4066307				54,986.20	7,009.05	61,995.25	
	Oct	4067457						-	
	Nov	4068008						-	
	Dec	4069131				40,989.90	22,265.50	63,255.40	
		TOTAL					195,355.38	59,402.68	
2016	Jan	4069992	s.17(1)					-	s.17(1)
	Feb	4070871						-	
	Mar	4071777				42,973.26	22,231.19	65,204.45	
	Apr	4073368						-	
	May	4074063						-	
	Jun	4075105				40,060.13	4,224.64	44,284.77	
	Jul	4076259						-	
	Aug	4077293						-	
	Sep	4078136				39,809.11	1,627.22	41,436.33	
	Oct	4079010						-	
	Nov	4079883						-	
	Dec	4081509				57,790.20	22,410.03	80,200.23	
		TOTAL					180,632.70	50,493.08	
2017	Jan	4082129	s.17(1)					-	s.17(1)
	Feb	4083067						-	
	Mar	4084057				36,701.11	19,070.86	55,771.97	
	Apr	4085085						-	
	May	4086510						-	
	Jun	4087739						-	
	TOTAL					36,701.11	19,070.86	55,771.97	
	TOTAL Jan 2014 - Jun 2017					597,706.02	173,704.74	771,410.76	

THIS AGREEMENT is made effective 1st day of August, 2011

BETWEEN:

CITY OF VANCOUVER, a municipal corporation with offices
at 453 West 12th Avenue, Vancouver, British Columbia, V5Y 1V4

(the "Landlord")

AND:

VANCOUVER FILM SCHOOL LIMITED (Incorporation No. BC0759251), a British
Columbia corporation with offices at 200 - 198 West Hastings Street,
Vancouver, British Columbia, V6B 1H2

(the "Tenant")

Premises:

150 Water Street and 151 West Cordova Street, Vancouver comprising
approximately One Hundred Six Thousand (106,000) square feet and as shown
hatched on Schedule "A" attached hereto

Commencement Date of the Term:

August 1, 2012

Term:

20 years commencing on the Commencement Date of the Term

Rent:

One Year Fixturing Period -	s.17(1) per month (inclusive of HST) commencing on August 1, 2011
Years 1-5 of the Term:	s.17(1) per annum;
Years 6-10 of the Term:	per annum;
Years 11-15 of the Term:	per annum; and
Years 16-20 of the Term:	per annum.

Options to Renew:

Two; the first for five years and the second for five years less a day

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A. The Landlord is the owner of all and singular those lands and premises situate in the City of Vancouver, in the Province of British Columbia, having a civic address as 150 Water Street and 151 West Cordova Street, Vancouver, and legally described as:

Parcel Identifier Number 025-244-761 and 025-452-045
Lot J and K, Block 5
District Lot OGT
Plan BCP203

which lands and premises are hereinafter called the "Building";

B. The Tenant has requested that the Landlord lease that portion of the Building consisting of approximately 106,000 square feet (the "Rentable Area") as shown hatched on Schedule "A" attached hereto (the "Premises") to the Tenant as hereinafter provided; and

C. The Landlord's Council, by resolution made at its meeting the 12th day of July, 2011, resolved to lease the Premises to the Tenant upon the terms and conditions hereinafter set out.

NOW THEREFORE in consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord by these presents does demise and lease the Premises unto the Tenant and the Tenant does hereby take and rent the Premises upon and subject to the conditions set out hereunder.

ARTICLE 1

Section 1.1 Term

In consideration of the rents, covenants and conditions herein on the part of the Tenant to be performed and observed, the Landlord hereby leases the Premises to the Tenant to have and to hold the same for and during the term of Twenty (20) years commencing on the 1st day of August, 2012 ("Commencement Date of the Term") and expiring at 11:59 p.m. on the 31st day of July, 2032 (the "Term"). The Tenant is leasing the Premises on an "as is, where is" basis save and except for the Landlord's Work as defined in Section 1.2(c).

Section 1.2 Fixturing Period

- (a) The Landlord hereby grants to the Tenant a right to occupy the Premises for a period of twelve (12) months as a fixturing period (prior to the Commencement Date of the Term) commencing on August 1, 2011 and expiring July 31, 2012 (the "Fixturing Period") in which to carry out construction of Tenant's improvements;

- (b) The Tenant shall obtain all permits necessary, from time to time as required for the installation of the Tenant's improvements. The Landlord recognizes that the Tenant will construct the Tenant's Improvements at different times during the Fixturing Period;
- (c) The Landlord shall also have access to the Premises during the Fixturing Period in order to remove the circular elevator in the Premises and to fill the elevator pit, (the "Landlord's Works") each of which the Landlord is obligated to do at its own cost based on the Landlord's design and engineering drawings. The Tenant agrees that the elevator walls will likely not be removed, unless, and to the extent, approved by the Landlord's structural engineer;
- (d) During the Fixturing Period the Tenant will pay to the Landlord (monthly in advance) s.17(1) per month (inclusive of HST) payable commencing on the 1st day of each and every month during the Fixturing Period and the Tenant will be responsible to comply and observe all terms of this Lease including, without limitation, the Tenant's obligation to obtain and maintain insurance, provided that during the Fixturing Period the Tenant shall not be responsible for gross rent but will be responsible for the cost of utilities used in or for the Premises; and
- (e) The parties agree that the Tenant may operate its business in the Premises simultaneously with the installation of the Tenant's improvements, provided however, that such operation of the Tenant's business shall be subject to any laws, regulations, rules or bylaws of the City of Vancouver.

Section 1.3 Rent

Yielding and paying to the Landlord therefor in advance during:

Years 1 to 5 of the Term: s.17(1) per annum payable in equal monthly installments of s.17(1) commencing August 1, 2012 and payable on the succeeding 1st day of each and every next succeeding month to and including the 1st day of July, 2017;

Years 6 to 10 of the Term: s.17(1) per annum payable in equal monthly installments of s.17(1) s.17(1) Dollars and s.17(1) commencing August 1, 2017 and payable on the succeeding 1st day of each and every next succeeding month to and including the 1st day of July, 2022;

Years 11 to 15 of the Term: s.17(1) [REDACTED]
s.17(1) [REDACTED] per annum payable in equal monthly
installments of s.17(1) [REDACTED]
s.17(1) [REDACTED]
s.17(1) [REDACTED] commencing August 1, 2022 and payable
on the succeeding 1st day of each and every next
succeeding month to and including the 1st day of July,
2027; and

Years 16 to 20 of the Term: s.17(1) [REDACTED]
s.17(1) [REDACTED] per annum payable in equal monthly
installments of s.17(1) [REDACTED]
s.17(1) [REDACTED] commencing August 1, 2027 and
payable on the succeeding 1st day of each and every next
succeeding month to and including the 1st day of July,
2032.

The Rent together with any additional rent payable by the Tenant is referred to as "rent" in this Lease.

Notwithstanding any other provision of this Lease, the Tenant, in lieu of an equivalent amount of s.17(1) square foot of rentable area tenant improvement allowance payable by the Landlord, shall receive the first twelve months of the Term free of gross rent. In addition, the month of July in each year of 11 through 15 of the Term shall be free of gross rent. For greater certainty during these rent free periods the Tenant is responsible for payment of utilities but is not responsible for the payment of Rent, Operating Costs under section 1.9 nor Property Taxes under Section 1.10 of this Lease.

Section 1.4 Payments Generally

All payments by the Tenant to the Landlord of whatsoever nature required or contemplated by this Lease shall be:

- (a) paid to the Landlord by the Tenant in lawful currency of Canada;
- (b) made when due hereunder, without prior demand therefor and without any setoff, compensation or deduction whatsoever at the office of the Landlord's Director of Real Estate Services specified in Section 15.1 or such other place in Canada as the Landlord may designate from time to time in writing to the Tenant;
- (c) applied towards amounts then outstanding hereunder, in such manner as the Landlord may see fit; and
- (d) deemed to be rent, in partial consideration for which this Lease has been entered into, and shall be payable and recoverable as rent, such that the Landlord shall have all rights and remedies against the Tenant for default in

making any such payment which may not be expressly designated as rent as the Landlord has for default in payment of rent.

Section 1.5 Utilities

The Tenant shall pay all charges, rates and levies on account of utilities including heat, electricity, gas, water, garbage collection, telephone and cablevision and all other expenses and outgoings relating to the Premises immediately when due and, upon request, provide the Landlord with receipts evidencing such payment. If the utilities are not separately metered the Tenant shall pay said charges, rates and levies immediately upon receipt of an invoice from the Landlord.

Section 1.6 Use of Premises

The Tenant will not use or occupy, nor suffer or permit the use of the Premises or any part thereof for any purpose other than general business office, classrooms, education, filming, and any related or associated functions (such as a student lounge or cafeteria) (the "Permitted Use"). Without limiting the generality of the foregoing, the Tenant shall not at anytime suffer, permit or allow any person to occupy the Premises for residential purposes.

The Tenant will not use, or suffer or permit the use of, any part of the Premises in such a manner as to cause, suffer or permit any annoying noises or offensive odours to emanate from any part of the Premises.

By agreeing to the Tenant using the Premises for the Permitted Use, the Landlord is agreeing as the owner of the Premises only and is not in any way (either in its capacity as landlord or as a regulatory public body) stating, warranting or representing that the Permitted Use is a permitted use under the City of Vancouver Zoning and Development By-law No. 3575 and amendments thereto and other relevant by-laws. Nothing in this Section 1.6 affects the Tenant's obligations to comply at its sole expense with all such by-laws pursuant to Section 9.1 of this Lease.

Section 1.7 Interest on Arrears

Whenever and so long as the Rent or any other amounts payable hereunder by the Tenant to the Landlord shall be in arrears, such amounts shall bear interest at the rate of three percent (3%) per annum above the "prime rate" (hereinafter defined), per annum calculated monthly not in advance, from the date due until paid irrespective of whether or not the Landlord has demanded payment. In this Lease, "prime rate" means the floating annual percentage rate of interest established from time to time by the Bank of Montreal, 595 Burrard Street, Vancouver, British Columbia as the base rate that will be used to determine rates of interest charged by it for Canadian dollar loans to customers in Canada and designated by the Bank of Montreal as its prime rate; provided that if a court declares or holds the prime rate to be void or unenforceable for any reason including uncertainty, then the rate of interest payable on amounts in arrears hereunder shall be fourteen percent (14%) per annum calculated monthly not in advance from the date due until paid. The Landlord shall have all the remedies for the collection of such interest as in the case of rent in arrears, but this provision for interest shall not prejudice or affect any other remedy of the Landlord

under this Lease. The Tenant shall also pay the Landlord's standard charge levied on N.S.F. cheques.

Section 1.8 Security Deposit

The Tenant has lodged with the Landlord a security deposit of **s.17(1)** **s.17(1)**. At all times the deposit shall be invested in an interest bearing trust account but shall stand charged with a lien in favour of the Landlord which shall be in priority to any claims of the Tenant's trustee in bankruptcy or the Tenant's creditors, whether by execution, attachment, garnishing order or otherwise. The Landlord may satisfy any claims it may have against the Tenant arising hereunder, whether liquidated or otherwise, by forthwith applying the deposit or any portion thereof to payment of such claims. In the event that the Landlord appropriates all or any portion of the deposit in payment of such claims, the Tenant shall forthwith replenish the deposit upon notice from the Landlord and failing such replenishment the Landlord may terminate this Lease. Subject to any claims by the Landlord, upon termination of this Lease the balance of the deposit shall be remitted to the Tenant TOGETHER WITH interest which was earned on the deposit. The Landlord shall not be obliged to apply any or all of the deposit to any claims it may have against the Tenant before terminating this Lease or having recourse to any other remedy. The deposit shall not be refundable upon assignment. In the event the Landlord approves of an assignment of the Lease, the assignor and assignee between themselves shall make whatever adjustment they deem appropriate.

Section 1.9 Operating Costs

Subject to adjustment under Section 1.11, the Tenant shall pay to the Landlord its share of common operating costs, (which shall include the costs of operating, servicing, maintaining, insuring and repairing the common areas of the Building, apart from structural and roof repairs) (the "Operating Costs") immediately upon receipt of an invoice from the Landlord.

Section 1.10 Taxes

Subject to adjustment under Section 1.11, in addition to the payment of Operating Costs, but as a separate billing, the Tenant shall pay monthly as additional rent in each and every month of the Term a sum equal to one-twelfth of the annual general, school and local improvement charges and taxes and any charges and taxes levied under or by virtue of the Hospital District Finance Act, R.S.B.C. 1996, c. 203, as amended or substituted from time to time, the Municipal Finance Authority Act, R.S.B.C., 1996, c. 325, as amended or substituted from time to time, and any and all other statutes, laws, enactments, regulations and ordinances of the federal or provincial governments or other competent authority, or any modifications or re-enactments thereof which, except for any exemption allowed by law, would in the ordinary course have been lawfully imposed against the Premises and against all machinery in and about the Premises for each year of the Term (the "Property Taxes"). This sum will be calculated by the Landlord in accordance with the assessed value of the Building as determined by the BC Assessment Authority pro-rated for the Premises and based on the general mill rate and/or rates of levy for the current year as charged to commercial operations in Vancouver. The Tenant shall have the right to appeal any determination by the BC Assessment Authority of the Assessed Value of the Building at its sole cost and the Landlord will co-operate with the Tenant in the prosecution of any such appeal. PROVIDED

HOWEVER that the sums payable monthly as annual taxes under this paragraph shall, at the option of the Landlord's Director of Real Estate Services, be payable semi-annually in two lump sums on or before the date specified by the Landlord's Director of Real Estate Services. Should the Premises or any portion thereof or any trade fixtures or chattels therein for any reason become subject to taxation, then the Tenant shall pay all such taxes. [City to confirm not separate assessment for "Premises"]

Section 1.11 Adjustment of Operating Costs and Property Taxes

The aggregate of the Operating Costs and Property Taxes shall not exceed s.17(1) square foot of Rentable Area during the first year of the Term with annual increases thereafter limited to the s.17(1)

s.17(1)

However, the Operating Costs and Property Taxes shall be reset every 5 years during the Term to the actual amount and then adjusted annually based on the lesser of s.17(1). In year six of the Term the Landlord shall calculate the actual Operating Costs and Property Taxes during the immediate preceding year of the Term and the Operating Costs and Property Taxes shall be set at that amount for year six of the Term and then adjusted in subsequent years with annual increases thereafter limited to the s.17(1) s.17(1)

Section 1.12 Harmonized Sales Tax

The Tenant shall pay when due all Harmonized Sales Taxes ("HST"), value-added taxes, sales taxes and consumption based taxes, rates, levies and assessments which are from time to time payable by the Tenant or the Landlord as a result of or that would not be payable but for the rights and obligations contained in this Lease, including but without derogating from the generality of the foregoing, such taxes, rates, levies and assessments payable as a result of any payment obligations herein of the Tenant to the Landlord, and, if applicable, in respect of any Taxes which the Tenant is required to pay under Section 1.10 . Any loss, costs, charges and expenses which relate to such taxes, rates, levies and assessments suffered by the Landlord may be collected by the Landlord as additional rent with all rights of distress and otherwise as reserved to the Landlord in respect of rent in arrears. The Landlord will not charge HST on Property Taxes if the Tenant can demonstrate to the Landlord that HST is not exigible.

Section 1.13 (a) Naming Rights

The Tenant shall not name or rename the Building, or any portion thereof, or sell the right to name or rename the Building to a third party, without first having obtained the consent in writing of the Landlord, which consent may be withheld or delayed.

Section 1.13. (b) Signage

The Landlord shall grant the Tenant the right to place signage at the entrance to Building, and other locations approved by the Landlord, at the cost of the Tenant. The Tenant shall ensure that all such signage complies with all rules and regulations of the Landlord.

The Tenant shall not install such signage until the Landlord has first approved, in writing the Tenant's sign package, such approval shall not be unreasonably withheld or delayed. The Landlord, as owner of the Building, consents to the use of the name "VFS" or Vancouver Film School on the signage. The Tenant shall submit in writing to the Landlord details of the proposed signage, which signage must comply with City Bylaws.

Section 1.14 Excess Rent

Notwithstanding any other provision in this Lease, if as a result of any assignment, sublease, setting over, or otherwise parting with possession of the Premises or letting any third party into possession of the Premise the Tenant directly or indirectly receives from the assignee, subtenant or occupant (collectively referred to herein as the "Transferee") any payment, fee or any other consideration, whether in the form of cash, negotiable instrument, goods, services or in any other form whatsoever (the "Consideration") which is in excess of the Rent or any other amount payable by the Tenant to the Landlord under this Lease then such Consideration will be deemed to be and will be rent payable to the Landlord under this Lease, payable at the same time as such Consideration is payable by the Transferee to the Tenant.

ARTICLE 2

Section 2.1 No Damage

The Tenant shall not suffer, cause nor permit any damage or injury to the Premises other than reasonable wear and tear.

Section 2.2 Snow off Sidewalks

The Tenant covenants that it will keep adjacent sidewalks clear of snow and ice to comply with the requirements of the Street and Traffic By-law of the City of Vancouver and that it will indemnify and save harmless the Landlord from all costs, loss, damages, compensation and expenses suffered by the Landlord and sustained or caused by the Tenant's failure to remove snow and ice from the sidewalks, PROVIDED THAT if the Tenant does not remove snow and ice as required by the Street and Traffic By-law, the Landlord may clear the sidewalks and the cost of such removal shall be paid by the Tenant to the Landlord.

Section 2.3 Renovations

The Tenant shall not carry out or cause to be carried out any renovation or alteration to the Premises ("Alterations") without the Landlord's prior written consent, which consent will not be unreasonably withheld or delayed. The Landlord recognizes that the Tenant will be making a series of requests for the approval of Alterations as the construction thereof will occur over an extended period. The Tenant shall at the time of the request for approval of Alterations provide general sketches of the Alterations, but need not provide detailed drawings or proposed materials to be used in construction except in the event that the Alterations are structural or significantly impact the Building's electrical, mechanical or plumbing systems. The Landlord will provide approval or disapproval of the proposed Alterations within 10 working days of receipt of the drawings, and if the Landlord disapproves

of the Alterations, written reason for such disapproval. All such works shall be wholly at the Tenant's expense, but shall be the Landlord's absolute property at the termination of the Lease, subject to Section 11.2.

By consenting to any Alterations, the Landlord is not in any way (either in its capacity as landlord or as a regulatory public body) stating, warranting or representing that the Alterations are permitted under the City of Vancouver Zoning and Development By-law No. 3575 and amendments thereto, the City of Vancouver Building By-law No. 6134 and amendments thereto, and other relevant by-laws. No consent given by the Landlord (and no failure to enforce this section of this Lease) will affect the Tenant's obligations to comply at its sole expense with all such by-laws pursuant to Section 9.1 of this Lease.

Section 2.4 Maintenance

The Tenant shall maintain the Premises in a sanitary, neat, tidy and safe condition and free from nuisance at all times.

Section 2.5 Repairs

The Tenant shall keep and maintain the Premises in good repair as would a reasonable and prudent owner of such premises, reasonable wear and tear and roof and structural elements or defects excepted, and the Landlord shall have access to the Premises for purpose of inspection during normal business hours and the Tenant shall repair according to notice. Without limiting the generality of the foregoing, the Tenant will promptly replace at its own cost and expense all damaged glass, plate glass, doors and windows (whether exterior or interior) within the Premises unless such damage is caused by the negligence of the Landlord. If the Tenant shall fail promptly to commence repairs and diligently prosecute same to completion after receipt of notice from the Landlord requiring repairs, then the Landlord may carry out or cause to be carried out such repairs, the costs of which shall be payable by the Tenant, and the Landlord and its employees, agents, contractors and subcontractors shall not be liable to the Tenant for any inconvenience, annoyance, disruption, loss of income or liability suffered or incurred by the Tenant by reason of the Landlord effecting such repairs unless caused by the negligence of the Landlord or those for whom the Landlord is responsible in law.

Section 2.6 Liens and Encumbrances

In connection with all labour performed in, or materials supplied for, the making, erection, installation or alteration of any work or installations made by or for the Tenant in the Premises, the Tenant will comply with all the provisions of the Builders Lien Act, as amended or substituted from time to time, and other statutes from time to time applicable thereto, including any provision requiring or enabling the retention of any sum as a holdback.

The Tenant shall not create any mortgage, security agreement or other encumbrance in respect of any of its leasehold improvements or trade fixtures in priority to any security interest held by the Landlord, including, but not limited to the Landlord's Security Agreement the form of which is attached as Schedule "B", (the "LSA").

If and whenever any builders lien or other lien for work, labour, services or materials supplied to or for the Tenant or for the cost of which the Tenant may be in any way liable, or

claims therefore arise or are filed or any such mortgage, security agreement or other encumbrance attaches to the title to the Premises, the Tenant will, within fifteen (15) days after receipt of notice thereof, procure the discharge thereof, including any certificate of pending litigation or other notation or charge registered in respect of any lien, by payment or giving security or in such other manner as may be required or permitted by law. Provided however, that in the event of a bona fide dispute by the Tenant of the validity or correctness of any claim for any such lien, the Tenant will not be bound by the foregoing, but will be entitled to defend against the same in any proceedings brought in respect thereof after first paying into a court of competent jurisdiction the amount claimed or sufficient security therefore, and such costs as the court may direct. This section shall not prevent the Tenant mortgaging or encumbering its real and personal property, provided that any charge on the improvements or trade fixtures located on the Premises are subject to the prior security interest of the LSA.

Pursuant to Section 3(2) of the Builders Lien Act, the Landlord may file in the Land Title Office notice of its fee simple interest in the land on which the Premises are located, as is required by law to ensure that the Landlord's title does not become charged with liens related to this Lease.

ARTICLE 3

Section 3.1 Limitation of Liability

The Landlord and its officers, employees and agents shall not be responsible in any way for:

- (a) any personal injury, death or consequential damage of any nature whatsoever, however caused, that may be suffered or sustained by the Tenant or by any other person who may be in or about the Premises; or
- (b) any loss or damage of any nature whatsoever, however caused, to the Premises, any property belonging to the Tenant or to any other person while such property is in or about the Premises,

whether in the course of the performance of the Landlord's obligations under this Lease or otherwise, unless resulting from the negligence of the Landlord and for those for whom in law it is responsible.

Section 3.2 Exclusion of Liability

The Landlord and its officers, employees and agents shall not under any circumstances be liable or responsible in any way for:

- (a) any personal injury, death or consequential damage of any nature whatsoever, that may be suffered or sustained by the Tenant or by its officers, employees or agents or any other person who may be in or about the Premises, or any loss or damage of any nature whatsoever to the Premises or to any property belonging to the Tenant or to its officers, employees or agents or to any other person while such property is in or about the Premises,

- (i) caused by failure, by reason of breakdown or other cause, to supply adequate drainage, or by interruptions of any utility or other services, or by steam, water, rain, snow, or other substances leaking, entering, issuing or flowing onto or into any part of the Premises; or
 - (ii) however caused, if the Landlord or its officers, employees or agents enter upon the Premises in the case of an emergency;
- (b) any loss or damage of any nature whatsoever, however caused, to books, records, files, money, securities, negotiable instruments, papers or other valuables of the Tenant or its officers, employees or agents;
- (c) any business, economic or indirect loss or damage suffered or sustained by the Tenant or its officers, employees or agents of any nature whatsoever, however caused; or
- (d) any loss which the Tenant is obligated to insure against hereunder or has insured against.

Section 3.3 Indemnification

The Tenant agrees to indemnify and save harmless the Landlord and its officers, employees and agents in respect of all claims for bodily injury or death, property damage or other loss or damage arising from the conduct of any work by, or any act or omission of, or relating to or arising from the occupation or possession of the Premises by the Tenant, and in respect of all costs, expenses and liabilities incurred by the Landlord in connection with or arising out of all such claims, including the expenses of any action or legal proceeding pertaining thereto and the liabilities or obligations incurred or sustained by or imposed upon the Landlord or in respect of any of its officers, employees or agents, and in respect of any loss, cost, expense or damage suffered or incurred by the Landlord arising from any breach by the Tenant of any of its covenants and obligations under this Lease, PROVIDED HOWEVER the Tenant's covenant to indemnify and save harmless the Landlord and its officers, employees and agents shall not apply to the extent that the loss or damage is caused by negligence on the part of the Landlord or its officers, employees and agents.

ARTICLE 4

Section 4.1 Definitions

In this Lease, the following words and expressions shall have the following meanings:

- (a) "Environment" has the meaning given to it in the Canadian Environmental Protection Act (Canada) as of the date of this Lease;
- (b) "Hazardous Substances" means any Substance capable of creating harm to people, property and/or the Environment including, without limitation, any flammable liquids, flammable or reactive solids, oxidizers, poisons, gases (compressed, liquefied or dissolved), explosives, radioactive materials,

ureaformaldehyde, asbestos materials, underground tanks, compounds known as chlorobiphenyls, Pollutants, contaminants, hazardous, corrosive or toxic Substances, special waste or waste of any kind, including, without limitation, any Substance the storage, manufacture, disposal, treatment, generation, use, transport, remediation or Release into the Environment of which is prohibited, controlled, regulated or licenced by any federal, provincial or municipal authority;

- (c) "Medium" means any land, water or air and includes the Premises;
- (d) "Pollute" is a verb which means to Release into or onto any Medium any Substance that:
 - (i) alters the physical, biological or chemical nature of that Medium;
 - (ii) alters the capacity of the Medium to support any living thing, whether animal or plant life;
 - (iii) injures or is capable of injuring the health or safety of a person in, on or near the Medium;
 - (iv) injures or is capable of injuring property or any life form in, on or near the Medium;
 - (v) interferes with or is capable of interfering with visibility or the dispersion of light or any photochemical activity within the Medium;
 - (vi) interferes with or is capable of interfering with the normal conduct of business in, on, near or from the Medium;
 - (vii) causes or is capable of causing physical discomfort to a person in, on or near the Medium;
 - (viii) damages or is capable of damaging the Environment; or
 - (ix) is Waste,

and "Polluted" is an adjective, and "Pollution" and "Pollutant" are nouns, which have meanings that correspond to the meaning contained in this paragraph;

- (e) "Release" includes release, spill, leak, pump, pour, dump, abandon, emit, empty, discharge, spray, inoculate, deposit, seep, throw, place, exhaust, inject, escape, leach, dispose, infuse or introduce;
- (f) "Waste" has the meaning given to it in the Environmental Management Act, S.B.C. 2003, c. 53, as amended or substituted from time to time, but if the Environmental Management Act is repealed, "Waste" has the meaning given to it on the day immediately preceding the repeal of that Act or if that Act is amended so that the term "Waste" is no longer used in it, then "Waste" has the same meaning as the term which replaces it in that Act; and

- (g) "Substance" has the meaning given to it in the Canadian Environmental Protection Act (Canada) as of the date of this Lease.

Section 4.2 Suitability of the Premises

The Tenant acknowledges and agrees that the Landlord, either itself or through its officers, employees or agents, has not made and the Tenant has not relied upon any representations or warranties from the Landlord or its officers, employees or agents as to:

- (a) the state of repair of the Premises;
- (b) the suitability of the Premises for any business, activity or purpose whatever;
- (c) the suitability of the Premises for use by the Tenant;
- (d) the existence, nature or extent of any Pollution on or of the Premises; or
- (e) the need to take any remedial action in relation to any Pollution on or of the Premises.

Section 4.3 Tenant's Inspection of the Premises

The Tenant acknowledges and agrees that it has been afforded all reasonable opportunity to inspect the Premises and all relevant documentation in respect thereof and to carry out such audits, investigations, tests and surveys as it considers reasonably necessary to ascertain:

- (a) the state of repair of the Premises;
- (b) the suitability of the Premises for use by the Tenant;
- (c) the existence, nature or extent of any Pollution on the Premises; and
- (d) the need to take any remedial action in relation to any Pollution on or of the Premises;

and the Tenant has independently made all such inspections, audits, investigations, tests and surveys as it regards as being necessary for the above purposes. Except for the Landlord's Works, it is understood and agreed that the Premises are being leased to the Tenant on an "as is, where is" basis.

The Tenant hereby assumes any and all duties, obligations or liabilities under any relevant law in respect of the Premises, including but not limited to any costs, expenses or liabilities for any remedial action for any Pollution of the Premises caused by the Tenant during the Term.

Section 4.4 Release and Indemnification

The Tenant hereby releases the Landlord and its officers, employees and agents from any and all costs, expenses, damages, losses or liabilities that may be incurred or suffered by the Tenant by reason of or resulting from or in connection with or arising in any manner whatsoever out of:

- (a) the Premises not being suitable for use by the Tenant;
- (b) the Premises being, or being found to be at any time, Polluted; or
- (c) the need to take any remedial action and the taking of such action as a result of such Pollution on or off the Premises.

The Tenant shall indemnify, defend and save harmless the Landlord in respect of all claims for bodily injury (including death), property damage or other loss or damage, including damage to property outside the Premises, arising out of or in any way connected with the manufacture, storage, transportation, handling and discharge of Hazardous Substances on or from the Premises by the Tenant or any one for whom the Tenant is responsible in law.

Section 4.5 Removal of Hazardous Substances

The Tenant shall not bring upon the Premises or any part thereof, or cause or suffer the bringing upon the Premises or any part thereof, any Hazardous Substances and if at any time there shall be any Hazardous Substances upon the Premises or a part thereof as a result of the breach of this covenant, the Tenant shall, at its own expense:

- (a) immediately give the Landlord notice to that effect and thereafter give the Landlord from time to time written notice of the extent and nature of the Tenant's compliance with the following provisions of this Article;
- (b) promptly remove the Hazardous Substances from the Premises in a manner which conforms with all laws and regulations governing the movement of the same; and
- (c) if requested by the Landlord, obtain at the Tenant's cost and expense from an independent consultant designated or approved by the Landlord verification of the complete and proper removal of the Hazardous Substances from the Premises or, if such is not the case, reporting as to the extent and nature of any failure to comply with the foregoing provisions of this Section 4.5.

Section 4.6 Breach of Laws Relating to Hazardous Substances

Without limiting the generality of Section 4.5, the Tenant shall immediately give written notice to the Landlord of the occurrence of any event on the Premises constituting an offence under or a breach of any statutes, by-laws, regulations or orders from time to time enforced relating to Hazardous Substances, and at its own cost and expense, comply with all laws and regulations from time to time in force relating to the Landlord, the Tenant, the activities carried out on the Premises relating to Hazardous Substances and the protection of the Environment and shall immediately give written notice to the Landlord of the occurrence

of any event on the Premises constituting an offence thereunder or a breach thereof and, if the Tenant shall, either alone or with others, cause or suffer the happening of such event, the Tenant shall, at its own expense:

- (a) immediately give the Landlord notice to that effect and thereafter give the Landlord from time to time written notice of the extent and nature of the Tenant's compliance with the following provisions of this Section 4.6;
- (b) promptly remove the Hazardous Substances from the Premises in a manner which conforms with all laws and regulations governing the movement of the same; and
- (c) if requested by the Landlord, obtain at the Tenant's cost and expense from an independent consultant designated or approved by the Landlord a report verifying the complete and proper removal thereof from the Premises or, if such is not the case, a report as to the extent and nature of any failure to comply with the foregoing provisions of this Section 4.6.

The Tenant shall, at its own expense, remedy any damage to the Premises caused by such event within the Premises or by the performance of the Tenant's obligations under this Section 4.6 as a result of such occurrence.

If any governmental authority having jurisdiction shall require the cleanup of any Hazardous Substances held, Released, spilled, abandoned or placed upon the Premises or Released into the Environment from the Premises during the Term, then the Tenant shall, at its own expense, prepare all necessary studies, plans and proposals and submit the same for approval, provide all bonds and other security required by governmental authorities having jurisdiction and carry out the work and shall keep the Landlord fully informed and provide to the Landlord full information with respect to proposed plans and comply with the Landlord's requirements with respect to such plans. AND the Tenant agrees that if the Landlord determines, in its sole discretion, that the Landlord, its property or its reputation is placed in any jeopardy by the requirement for any such work, the Landlord may itself undertake such work or any part thereof at the cost and expense of the Tenant, pursuant to Section 10.7 of this Lease.

Section 4.7 Enquiries Pertaining to Hazardous Substances

The Tenant hereby authorizes the Landlord to make enquiries from time to time of any government or governmental agency with respect to the Tenant's compliance with any and all laws and regulations pertaining to the Tenant, the Tenant's activities on the Premises and the Premises including without limitation laws and regulations pertaining to Hazardous Substances and the protection of the Environment; and the Tenant covenants and agrees that the Tenant will from time to time provide to the Landlord such written authorization as the Landlord may require in order to facilitate the obtaining of such information.

Section 4.8 Landlord's Inspection of Goods

The Landlord may at any time and from time to time inspect the Tenant's goods upon the Premises and the Tenant's records relating thereto for the purpose of identifying the

nature of the goods and the existence or absence of any Hazardous Substances and the Tenant shall assist the Landlord in so doing.

Section 4.9 Ownership Remains With Tenant

If the Tenant shall bring or create upon the Premises any Hazardous Substances or suffer the bringing or creation upon the Premises of any Hazardous Substances or if the conduct of the Tenant's business shall cause there to be any Hazardous Substance upon the Premises then, notwithstanding any rule of law or equity to the contrary, such Hazardous Substance shall be and remain the sole and exclusive property of the Tenant and shall not become the property of the Landlord and notwithstanding the degree of affixation of the Hazardous Substance or the goods containing the Hazardous Substance to the Premises and notwithstanding the expiry or earlier termination of this Lease.

Section 4.10 Environmental Covenants Survive Termination

The obligations of the Tenant in this Article 4 shall survive the expiry or earlier termination of this Lease save only that, to the extent that the performance of those obligations requires access to or entry upon the Premises or any part thereof the Tenant shall have such entry and access only at such times and upon such terms and conditions as the Landlord may from time to time specify; and the Landlord may, at the Tenant's cost and expense, undertake the performance of any necessary work in order to complete such obligations of the Tenant; but having commenced such work, the Landlord shall have no obligation to the Tenant to complete such work.

ARTICLE 5

Section 5.1 Tenant's Insurance

The Tenant shall, without limiting any of its obligations or liabilities under this Lease, obtain and continuously carry during the term of this Lease at its own expense and cost, insurance coverage with minimum limits of not less than those specified, as follows:

- (a) commercial general liability insurance with limits of s.17(1) per occurrence or such higher limit of coverage as the Landlord's Director of Risk Management determines from time to time to be market standard limits for commercial buildings similar to the Building and the policy shall:
 - (i) indemnify and protect the Tenant, its officers, employees and agents against all claims for loss, damage, injury or death to any person or persons and for damage to the Premises or to any public or private property occurring within or about the Premises or arising by virtue of the Tenant's occupation or possession of the Premises or any work or activities contracted by contractors hired by the Tenant;
 - (ii) insure the Tenant, and its officers, employees and agents in the same manner and to the same extent as if separate policies had been issued to each of the Tenant and the Landlord and apply with respect to any action brought against one party by the other or by any officer,

employee or agent of one party and any breach of a condition of the policy by any party or by any officer, employee or agent of one party shall not affect the protection given by the policy to any other party or to any officer, employee or agent of any party;

- (iii) add the Landlord, its officials, officers, employees and agents as additional insureds;
 - (iv) include All Risk (Broad Form) Tenant's Legal Liability Insurance for s.17(1), such coverage to include the activities and operations conducted by the Tenant and third parties in the Premises;
 - (v) include blanket contractual liability covering liability arising directly or indirectly out of the performance of this Lease: and
 - (vi) provide for a limit of deductibility not greater than s.17(1) or such other minimum limit as the Landlord's Director of Risk Management may require from time to time as being market standard limits for commercial building similar to the Building.
- (b) All Risk (Broad Form) insurance on property of every description and kind owned by the Tenant or for which the Tenant is legally liable, installed or being installed by or on behalf of the Tenant (and which is located in the Premises), including without limitation furniture, fittings, installations, alterations, additions, partitions, fixtures, trade fixtures and any display model, project, prototype, tool, instrument or device within the Premises in an amount not less than s.17(1) of the full replacement cost thereof. The City of Vancouver shall be added as additional insured and loss payee for its interest.

Section 5.2 General Requirements of Insurance

The following shall apply to all insurance policies required under Section 7.1:

- (a) the policies shall be with insurers duly authorized to carry on business in the Province of British Columbia, in a form reasonably satisfactory, from time to time, to the Landlord's Director of Risk Management and which form is acceptable to the Landlord's Director of Risk Management as being in market standard form for commercial buildings similar to the Building and shall provide the Landlord with 60 days prior written notice of material change or cancellation. Notice shall be given to the City of Vancouver, c/o The Director of Real Estate Services. Notice must identify the name of the Tenant as set out in this Lease and the location or address of the Premises;
- (b) neither the providing of insurance by the Tenant in accordance with the requirements hereof, nor the insolvency, bankruptcy or the failure of any insurance company to pay any claim accruing shall be held to relieve the Tenant from any other provisions of this Lease with respect to liability of the Tenant or otherwise;

- (c) the insurance coverage shall be primary insurance with respect to any loss, damage or third party claims arising out of the Tenant's occupation of the Premises and any activities conducted by or on behalf of the Tenant. Any insurance or self-insurance maintained by or on behalf of the Landlord, its officials, officers, employees or agents shall be excess of this insurance and shall not contribute with it; and
- (d) subject to the provisions of this Article 5, the Tenant shall provide at his/their own cost any additional insurance which the Tenant is required by law to provide or which the Tenant considers necessary.

Section 5.3 Evidence of Insurance

Prior to the commencement of the Lease, the Tenant shall provide evidence of each policy of insurance required to be taken out by the Tenant in the form of the City of Vancouver Certificate of Insurance attached hereto as Schedule "C". If required by the Landlord, the Tenant shall provide certified copies of the policies signed by the insurers. Although not required to do so, if the Tenant fails to adduce satisfactory proof of such coverage being in full force and effect at all times, the Landlord may secure such insurance and the Tenant shall pay the cost of same as additional rent.

ARTICLE 6

Section 6.1 Termination on Damage or Destruction

If the Premises are substantially damaged or destroyed to the extent that the Premises or a substantial area of the Premises are rendered unusable by the Tenant or convenient access to the Premises cannot be had, and such condition shall prevent occupation of the Building for a period greater than 180 days, the Landlord may, at its option, elect to not rebuild or repair the Premises and may terminate this Lease and the Tenant's liability for rent will end as of the date of such damage or destruction but such termination will not operate so as to relieve the Tenant of any liability arising from such damage or destruction. There will be no compensation to the Tenant on account of such termination.

Section 6.2 Repair of Damage or Destruction

If the Landlord elects to rebuild or repair the Premises, the Landlord will commence rebuilding or repairing within 60 calendar days of the occurrence of the damage or destruction. If the Landlord does not initiate the rebuilding or repairing within such time period or, having commenced rebuilding or repairing, does not prosecute same to completion with reasonable dispatch, then the Tenant may give the Landlord 14 calendar days notice of the termination of this Lease but such termination will not operate so as to relieve the Tenant of any liability arising from such damage or destruction. There will be no compensation to the Tenant on account of such termination.

Section 6.3 Abatement of Rent

In the event of damage or destruction to the Premises to the extent that the Premises or part of the Premises are rendered unusable or convenient access to the Premises cannot be

had, which in either case is not caused by the default or negligence of the Tenant or those for whom it is responsible in law, the rent will abate in the same proportion that the area of which the Tenant is deprived bears to the total area as determined in the opinion of the Landlord and such abatement will continue only so long as the Landlord determines its continuance to be reasonable.

ARTICLE 7

Section 7.1 Assignment

The Tenant shall not assign its leasehold interest in the Premises without the written consent of the Landlord, such consent not to be unreasonably withheld or delayed, but nevertheless if there are personal covenants herein on the part of the Tenant which, in the opinion of the Landlord's solicitors will not run with the Lease, then the Landlord may withhold its consent to assignment unless the prospective assignee covenants with the Landlord to be bound by such personal covenants as if such covenants had been made between the Landlord and the prospective assignee.

Section 7.2 Subleasing

The Tenant shall not sublease, license, set over or otherwise part with possession of the Premises or let any third party into possession of the Premises save and except for a sublease to the Tenant's third party consultants of the portion of the Premises fronting on Water Street as shown cross-hatched on Schedule "A" attached hereto or otherwise only upon written consent of the Landlord, which consent the Landlord may not unreasonably withhold or delay. Said sublease shall not relieve the Tenant of its obligations under this Lease.

Section 7.3 Assignment of Sublease Rent

Notwithstanding Section 7.2 hereof, the Tenant hereby assigns to the Landlord all rents and fees payable to the Tenant under any sublease, license or occupation agreement with any third party, which assignment shall supersede any provisions regarding the Tenant in bankruptcy and any claims of the creditors of the Tenant whether by execution, attachment, garnishing order or otherwise PROVIDED HOWEVER the Landlord agrees to refrain from enforcing the said assignment so long as the Tenant shall not be in default in the payment of rent or the performance or observance of its covenants hereunder. Upon the Tenant falling into default in the payment of its rent or the performance or observance of its other covenants hereunder, the Landlord may forthwith direct the sub lessee, licensee or such other third party to pay to the Landlord the sublease rent, license fees or other monies as would otherwise be owing to the Tenant from time to time and the payment of such monies to the Landlord shall pro tanto discharge the sub lessee's, licensee's or other third party's obligations to the Tenant and the Landlord shall apply such monies to the rent and the performance and observance of the Tenant's covenants hereunder notwithstanding any claims on the part of the Tenant's trustee in bankruptcy or the Tenant's creditors, whether by execution, attachment, garnishing order or otherwise. If the sub lessee, licensee or other third party fails to abide by the Landlord's directions in this behalf then, at the Landlord's election, the sublease, license or other third party agreement shall cease and determine and the Landlord may forthwith re-enter the subleased, licensed or occupied portion of the

Premises and arrange for new occupants thereof whose occupation shall be subject to the provisions of this paragraph.

Section 7.4 Mortgage of Lease

The Tenant may mortgage this Lease, upon the written consent of the Landlord, such consent not to be unreasonably withheld or delayed, provided the mortgage of lease ranks subsequent to the Landlord's security interest under this Lease.

ARTICLE 8

Section 8.1 Bankruptcy

If the Term or any of the goods or chattels of the Tenant are at any time seized or taken in execution by any creditor of the Tenant, or if the Tenant makes a general assignment for the benefit of creditors, or if the Tenant institutes proceedings to have the Tenant adjudicated as bankrupt or insolvent, or if the Tenant becomes the subject of bankruptcy or insolvency proceedings, or if a judgment, decree or order be entered by a court of competent jurisdiction adjudging the Tenant bankrupt or insolvent, or if the Tenant is unable to meet all debts as they fall due for a period of not less than three (3) months, or if the Tenant or its directors shall pass any resolution authorizing the dissolution or winding-up of the Tenant, or if a receiver, interim receiver, manager, receiver-manager, trustee or liquidator of all or any part of the Tenant's property shall be appointed or applied for by the Tenant or by one or more of the Tenant's creditors, then the Landlord shall be so notified and the then current rent plus an additional three (3) months current rent shall immediately become due and be paid and the Landlord may immediately claim the same together with any arrears of rent and, at the option of the Landlord, the Term is subject to termination forthwith. If the Tenant becomes defunct or amalgamates with any other body without obtaining the prior written consent of the Landlord or if a committee is appointed under the Patients Property Act, R.S.B.C. 1996, c. 349, as amended or substituted from time to time, to lawfully deal with the Tenant's estate then at the option of the Landlord the Term shall forthwith terminate. If the Tenant surrenders up its certificate of incorporation or otherwise ceases to exist the Term terminates as of such surrender or dissolution. If the Tenant is a natural person, at any time after the Tenant's death the Landlord may terminate the Term upon sixty (60) days notice to any executor or administrator of his estate.

ARTICLE 9

Section 9.1 Statutes and By-laws

The Tenant covenants to promptly and faithfully observe and comply with all federal, provincial or civic statutes, by-laws, regulations and orders now or hereafter which are in force and in effect which touch and concern the Premises or the Tenant's activities within the Premises, including, without limitation, any applicable environmental guidelines, and any amendments thereto, which deal with environmental protection and safety and/or Hazardous Substances. If any such statutes, by-laws, regulations, orders or guidelines are directed at owners, the Tenant shall perform and observe same at his own expense in the place and stead of the Landlord.

Section 9.2 Quiet Enjoyment

Subject to the provisions of this Lease and subject to the provision that nothing contained or implied herein shall prejudice or affect the Landlord's rights and powers in the exercise of its functions pursuant to the Vancouver Charter, S.B.C. 1953, c. 55, as amended or substituted from time to time, and the rights and powers of the Landlord under all of its public and private statutes, by-laws and regulations, all of which may be as fully and effectively exercised in relation to the Premises as if this Lease had not been executed and delivered by the Landlord and the Tenant, the Landlord covenants with the Tenant for quiet enjoyment.

Section 9.3 Performance of Obligations

The Tenant covenants with the Landlord to faithfully and promptly pay the rent and perform and observe its obligations herein.

Section 9.4 Registration of Lease

The Tenant may register a short form of this Lease in the Land Title Office. The Tenant shall have the right to require that the Landlord provide a short form of Lease for registration purposes, such short form of Lease to be for the balance of the Term and renewals and to be prepared by the Tenant and executed by the Landlord within 15 days of receipt.

ARTICLE 10

Section 10.1 Breach of Covenants

If and whenever:

- (a) any Rent payment or any part thereof is not made within five days of the day appointed for payment thereof; or
- (b) the Tenant is in default in the payment of any money, other than Rent, required to be paid by the Tenant under the terms of this Lease and such default continues for ten (10) days following any specific due date on which the Tenant is to make such payment or, in the absence of such specific due date, for ten (10) days following notice requiring the Tenant to pay the same; or
- (c) the Tenant defaults in performing or observing any of the provisions of this Lease other than those requiring payment of money to the Landlord and such default continues for a period of twenty (20) days after notice thereof to the Tenant, except for a default which to be cured with all due diligence would require a longer period, then after such longer period, or if the Tenant fails to proceed promptly and diligently and continuously after the service of such notice to cure same; or

- (d) the Premises are vacated or unoccupied for ten (10) or more consecutive days while the Premises can be used for the Permitted Use, without the consent of the Landlord; or
- (e) the Premises are abandoned by the Tenant; or
- (f) this Lease is terminated;

then and in every such case, it shall be lawful for the Landlord at any time thereafter without notice or demand, with or without process of law and by forcible entry if necessary, to re-enter into and upon the Premises, and to terminate this Lease by leaving upon the Premises notice in writing of such termination. If the Landlord terminates this Lease pursuant to this section, or otherwise as a result of default of the Tenant, there shall immediately become due and owing to the Landlord, in addition to any other sums payable to the Landlord hereunder as damages suffered by the Landlord as a result of the Tenant's breach, the then current month's rent, together with the rent accruing for the remainder of the Term. This provision for notice and termination shall not be construed so as to delay or supercede any specific remedy to which the Landlord may have recourse in this Lease or to release or relieve the Landlord from its legal obligation to mitigate any damages.

Section 10.2 Distraint

The Tenant waives and renounces the benefit of any present or future law taking away or limiting the Landlord's rights against the property of the Tenant and, notwithstanding any such law, the Landlord may seize and sell all the Tenant's goods and property, whether within the Premises or not, and apply the proceeds of such sale towards any arrears of rent (including amounts deemed to be rent under this Lease) and the costs of the seizure and sale. The Tenant further agrees that if it abandons the Premises and any arrears of rent remain unpaid, the Landlord, in addition to any remedy otherwise provided by law, may seize and sell the goods and property of the Tenant at any place to which the Tenant or any other person may have removed them from the Premises, in the same manner as if such goods and property had remained in, about or upon the Premises.

Section 10.3 Right to Re-let

If the Landlord becomes entitled to re-enter the Premises the Landlord shall have the right, if it thinks fit, to enter the Premises as the agent of the Tenant either by force or otherwise without being liable for any prosecution therefor, and as agent of the Tenant to re-let the Premises or any part or parts thereof at the risk of the Tenant and, as agent for the Tenant, to receive the rent therefor and, as agent for the Tenant, to take possession of any furniture, equipment and other property therein and sell the same at public or private sale without notice. Such rent and proceeds from the sale of the furniture, equipment and other properties shall be allocated first to the Landlord's cost of so entering and re-letting, then to interest on amounts due by the Tenant to the Landlord hereunder and unpaid, and then to the payment of such unpaid sums. The balance of such rent and proceeds, if any, may be applied by the Landlord on account of the rent due hereunder to the Landlord.

Section 10.4 Forfeiture

The Tenant hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event the Tenant shall be evicted or dispossessed from the Premises for any cause, statutory or otherwise, or if the Landlord re-enters the Premises following the occurrence of any default by the Tenant hereunder, or if this Lease is terminated before the expiration date thereof originally fixed herein.

Section 10.5 Remedies Generally

Mention in this Lease of any particular right or remedy of the Landlord in respect of the default by the Tenant shall not preclude the Landlord from any other right or remedy in respect thereof, whether available at law or in equity or by statute or expressly provided for in this Lease. No right or remedy shall be exclusive or dependent upon any one or more of such rights or remedies independently or in combination, such rights or remedies being cumulative and not alternative. Whenever the Tenant seeks a remedy in order to enforce the observance or performance of any of the terms, covenants and conditions contained in this Lease on the part of the Landlord to be observed or performed, the Tenant's only remedy (except where another remedy is expressly provided herein, in which event the Tenant shall be restricted to that remedy) shall be for such damages as the Tenant shall be able to prove in a court of competent jurisdiction that the Tenant has suffered as a result of a breach (if established) by the Landlord in the observance and performance of any of the terms, covenants and conditions contained in this Lease on the part of the Landlord to be observed and performed. The parties hereby waive trial by jury in any action, proceeding or counterclaim brought by either party against the other on any matter whatsoever arising out of or in any way connected with this Lease, the relationship of the Landlord and the Tenant created hereby, the Tenant's use or occupancy of the Premises or any claim for any injury. In the event the Landlord commences any action or proceeding for non-payment of rent, the Tenant agrees not to interpose any counterclaim of any nature or description in any such action or proceeding. In the event of any breach or threatened breach by the Tenant of any of the terms and provisions of this Lease, the Landlord shall have the right to injunctive relief as if no other remedies were provided herein for such breach. The Tenant hereby expressly waives any right to assert a defence based on merger and agrees that neither the commencement of any action or proceeding, nor the settlement thereof, nor the entry of judgment therein shall bar the Landlord from bringing any subsequent action or proceeding from time to time. If the Tenant shall be in unremedied default hereunder on the last day fixed as the date for providing notice for renewal the Landlord may cancel the Option to Renew set out in Section 13.1 of this Lease, upon written notice to the Tenant.

Section 10.6 Expenses

If any legal proceeding is brought for recovery of possession of the Premises, for the recovery of rent or because of the breach of any other terms, covenants or conditions herein contained on the part of the Tenant to be kept or performed, the Tenant shall pay to the Landlord as additional rent, upon demand, all costs and expenses incurred therefor (including without limitation, all professional and consultant fees, and all legal fees on a solicitor and his own client basis, disbursements, and all court costs and expenses of any legal proceeding; and the term "proceeding" shall include, without limitation, any arbitration, administrative, governmental, quasi-governmental or any other mediation proceeding and the term "costs"

shall include the pro-rata portion of the wages, salaries and all other remuneration of the Landlord's officers and employees reasonably attributed to the matter).

Without limiting the generality of the immediately preceding paragraph or any other provisions of this Lease, the Tenant shall pay to the Landlord, as additional rent upon demand, all costs and expenses (including, without limitation, those fees, disbursements, costs and expenses set out in the bracketed insert in the immediately preceding paragraph of this Section 10.6) which the Landlord may incur or pay out by reason of, or in connection with:

- (a) any proceeding by the Landlord to terminate this Lease or for the recovery of possession of the Premises or for the recovery of rent;
- (b) any proceeding by the Landlord to enforce its LSA;
- (c) any other proceeding by the Landlord against the Tenant or any indemnitor;
- (d) any distress levied by the Landlord against the Tenant's goods, chattels and inventory or any of them on the Premises for the recovery of rent;
- (e) any default by the Tenant in the observance or performance of any obligations of the Tenant under this Lease whether or not the Landlord commences any proceeding against the Tenant or any indemnitor;
- (f) any proceeding brought by the Tenant against the Landlord (or any officer, employee or agent of the Landlord) in which the Tenant fails to secure a final judgment against the Landlord;
- (g) any other appearance by the Landlord (or any officer, employee or agent of the Landlord) as a witness or otherwise in any proceeding whatsoever involving or affecting the Landlord, the Tenant, this Lease, the indemnity agreement (if any) or the Premises;
- (h) any amendment, modification or change in any of the terms of this Lease or the indemnity agreement, if any (and any request or negotiations pertaining thereto, whether or not such amendment, modification or change is finally agreed on);
- (i) any renewal, extension, surrender, or release of this Lease or the indemnity agreement, if any (and any request or negotiations pertaining thereto, whether or not such renewal, extension, surrender or release becomes effective);
- (j) any transfer of this Lease (and any request or negotiations pertaining thereto, whether or not such transfer is approved and finally agreed on); and
- (k) any Alterations of or to the Premises (and any request or negotiations pertaining thereto, whether or not such Alterations are approved and finally agreed on).

The Tenant's obligations under this Section 10.6 shall survive the expiration or earlier termination of this Lease.

Section 10.7 Landlord May Remedy Tenant's Default

If the Tenant fails to pay, when due, any amount required to be paid by the Tenant pursuant to this Lease, the Landlord, after giving two (2) days' notice in writing to the Tenant, may, but shall not be obligated to, pay all or any part of it. If the Tenant is in default in the performance of any of its covenants or obligations hereunder (other than the payment of rent required to be paid by the Tenant pursuant to this Lease), the Landlord may from time to time after giving such notice as it considers sufficient (or without notice in the case of an emergency) having regard to the circumstances applicable, perform or cause to be performed any of such covenants or obligations, or any part thereof, and for such purpose may do such things as may be required, including, without limitation, entering upon the Premises and doing such things upon or in respect of the Premises or any part thereof as the Landlord considers requisite or necessary. All expenses incurred and expenditures attributable to or made (including all employee, overhead and other internal costs) pursuant to this Section 10.7, shall be paid by the Tenant to the Landlord as additional rent upon demand. The Landlord shall have no liability to the Tenant or any other person for any claims resulting from any such action, entry or performance of any work by the Landlord upon the Premises.

Section 10.8 Security Agreement

- (a) At the time of execution of the Lease, the Tenant will grant to the Landlord a security interest ("Security Interest") in all of the Tenant's personal property comprising of the Tenant's trade fixtures and improvements located in the Premises (collectively, "Collateral") whether currently on the Premises or which may be at any time hereafter on the Premises, to secure the payment of all rent and the fulfillment of the other obligations of the Tenant under this Lease in the form attached hereto as Schedule "B", which the Tenant agrees shall constitute a security agreement as defined in the Personal Property Security Act, R.S.B.C. 1996 c. 359 as amended or substituted from time to time. This security agreement is separate from and shall survive the termination, expiry or disclaimer of this Lease.
- (b) On default by the Tenant under this Lease, the Landlord may itself, or by its agents or employees, take possession of the Collateral, in such manner as Landlord determines, and realize upon the Collateral and enforce its rights under the LSA by any remedy or proceeding authorized or permitted hereby or at law including, without limitation, all rights and remedies available to a secured party under the Personal Property Security Act and any other similar statutes except the Landlord shall not have the right to appoint a receiver or receiver manager; included in such rights of the Landlord is the right to recover the reasonable expenses of retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral and all other reasonable expenses, including legal costs, incurred by the Landlord, the Landlord may exercise any rights as provided by this Section 10.8 on the Premises and for such purpose may lock the Premises, change any locks on the Premises and by any means exclude the Tenant from all or any parts of the

Premises and the Landlord shall not thereby be terminating this Lease in the absence of express written notice terminating this Lease.

- (c) This Security Interest shall not be deemed to have been satisfied, discharged or redeemed by reason of the Tenant not being indebted to the Landlord at any time or from time to time (except at the end of the Term) and no payment shall reduce the amount secured by this Security Interest except to the extent expressly approved by the Landlord in writing.
- (d) The LSA is given in addition, and not as an alternative, and may be exercised by the Landlord without prejudice to any other rights of the Landlord under this Lease or at law including, without limitation, the Landlord's right of distress.

ARTICLE 11

Section 11.1 Vacant Possession

Upon termination of the Term, whether by the passage of time or otherwise, the Tenant shall deliver up vacant possession of the Premises and shall leave the Premises in a sanitary, neat, tidy, safe and empty condition free from all nuisance, debris, rubbish and stock-in-trade and shall ensure that the Premises are to the standard of repair and decoration required of the Tenant pursuant to Article 2 hereof.

Section 11.2 Trade Fixtures

- (a) If the Tenant is not in default hereunder at the expiration of the Term, the Tenant shall have the right to remove its trade fixtures from the Premises but shall make good any damage caused to the Premises resulting from the installation or removal thereof.
- (b) If the Tenant fails to remove any of its trade fixtures and restore the Premises as provided in Section 11.2(a), all such trade fixtures shall become the property of the Landlord except to the extent that the Landlord requires removal thereof.
- (c) If the Tenant abandons the Premises or this Lease is terminated before the proper expiration of the Term due to a default on the part of the Tenant, as of the moment of such default by the Tenant, all trade fixtures and furnishings of the Tenant (whether or not attached in any manner to the Premises) shall, except to the extent the Landlord requires the removal thereof pursuant to Section 11.2(b), become and be deemed to be the property of the Landlord, without compensation to the Tenant but without prejudice to any other right or remedy of the Landlord at law or in equity.

- (d) If the Tenant, after receipt of a notice from the Landlord pursuant to Section 11.2(b), fails to promptly remove any trade fixture in accordance with such notice, the Landlord may enter into the Premises and remove therefrom all or part of such trade fixture and make good any damage caused to the Premises resulting from the installation or removal thereof, without any liability accruing against the Landlord and at the expense of the Tenant, which expense shall forthwith be paid by the Tenant to the Landlord.

Section 11.3 Overholding

If the Tenant continues to occupy the Premises after the expiration or other termination of the Term, and the Landlord shall accept rent, the new tenancy thereby created shall be a tenancy from month to month and not from year to year, at a monthly rental equal to 150% or the rent payable by the Tenant in the last month of the Term or any renewal term. Any month-to-month tenancy shall otherwise be subject to all other terms and conditions of this Lease, so far as may be applicable to a tenancy from month to month, except any right of renewal and shall be determined by one month's prior notice in writing to the Tenant. Nothing contained in this Section 11.3 shall be construed to limit or impair any of the Landlord's rights of re-entry or eviction or constitute a waiver

ARTICLE 12 RIGHT OF ENTRY

Section 12.1 For Showings/Inspection

The Landlord or its agents have the right to enter the Premises at any reasonable time (and upon twenty-four (24) hours written notice to the Tenant) to examine them or to show them to prospective purchasers, tenants or mortgagees, and to enter the Premises at times mutually agreed between the Landlord and the Tenant (or on reasonable prior notice) to make such repairs as the Landlord may deem necessary or desirable and the Landlord will be allowed to take all required material into and upon the Premises without such entry constituting an eviction of the Tenant in whole or in part nor a breach of the Landlord's obligations and the rent reserved will in no way abate by reason of loss or interruption of the business of the Tenant or otherwise while the repairs are being made, provided the Landlord takes all commercially reasonable steps to perform the work expeditiously and with as little inconvenience to the Tenant as is possible in the circumstances.

Section 12.2 Landlord's Access to Records

The Landlord may at any reasonable time and upon twenty-four (24) hours written notice to the Tenant enter (or permit governmental authorities to enter) the Premises or any other office of the Tenant's for the purpose of ensuring the Tenant's compliance with this Lease, including without limitation, by auditing the Tenant's environmental records and by conducting soil, water and other tests, provided that the Landlord takes reasonable steps to avoid interfering with the Tenant's use and occupation of the Premises.

Section 12.3 "For Lease/Sale" Signs

During the six (6) months prior to the expiration of the Term, the Landlord may place upon the Premises the usual notices "For Lease" or "For Sale" and the Tenant will permit the notices to remain without interference or interruption. The Landlord may at any time within six (6) months before the end of the Term enter the Premises and bring others at all reasonable hours for the purposes of showing the Premises to prospective tenants or purchasers.

Section 12.4 Emergency Access

If and when for any reason an emergency will exist or be contemplated, the Landlord or its agents may enter the Premises by a master key, or may forcibly enter them, provided reasonable care is exercised, without rendering the Landlord or such agent liable, and without in any manner affecting the Tenant's obligations under this Lease. However, despite the above, the Landlord has no obligation, responsibility or liability, for the care, maintenance or repair of the Premises except as otherwise specifically provided.

ARTICLE 13

Section 13.1 Options to Renew

If:

- (a) the Tenant pays the rent as and when due and punctually observes and performs the terms, covenants and conditions to be observed and performed by it in accordance with the terms of this Lease; and
- (b) the Tenant gives the Landlord not less than six (6) months and not more than twelve (12) months written notice prior to the expiration of the Term of the Tenant's exercise of this option to renew;

then the Landlord shall grant to the Tenant a renewal Lease upon the expiration of the Term for two consecutive periods, the first for five (5) years and the second for five (5) years less one (1) day (the "Renewal Term or Renewal Terms") on the same terms and conditions as set out in this Lease except that:

- (i) the rent payable in Renewal Term shall be based on market rent for unimproved, similar space on the Downtown Peninsula but in any event the rent payable shall not exceed the rent paid in the last year of the immediately preceding term plus the lesser of 10% or the increase in the all products CPI for Vancouver in the preceding five year period. In no event shall the Rent paid in the Renewal Term be less than the Rent paid during the last year of the Term;
- (ii) there shall be no further rights to renew other than those stipulated herein;

- (iii) with respect to such Renewal Term, the Landlord shall have no obligation to pay or provide to the Tenant any allowance, concession or inducement of any nature, or provide any free rent or discounted rent of any nature, or provide any fixturing period, or do or perform any Landlord's work in, on, to or for the Premises;
- (iv) the parties will, by agreement in writing signed by both parties or their agents, determine the market rental value of the Premises and such determination shall be the Rent payable by the Tenant during the Renewal Term;
- (v) if the market rental value of the Premises for the Renewal Term has not been determined in the manner described in the immediately preceding subparagraph, on or before the commencement date of the Renewal Term, then either of the parties may elect to arbitrate the issue by so notifying the other in writing of such election, whereupon each party shall agree on the appointment of a single arbitrator who shall determine the market rental value of the Premises, which will be the Rent payable by the Tenant for the Renewal Term, and the provisions of the Commercial Arbitration Act, R.S.B.C. 1996, c. 55, as amended or substituted from time to time, shall apply PROVIDED HOWEVER if the parties cannot agree upon the arbitrator then the arbitrator shall be determined by a judge of the BC Supreme Court;
- (vi) if the Rent reserved for the Renewal Term has not been determined on the first day of the Renewal Term, then, until such determination is made, the Tenant shall continue to pay monthly in advance and without deduction, the Rent applicable on the last day of the Term, PROVIDED HOWEVER that when the Rent reserved for the Renewal Term has been determined as aforesaid, the parties, within ten (10) business days of such determination having been made, shall make such payment or repayment as may be necessary to ensure that the Tenant has then paid the same amount that he would have paid if such determination had been made on the first day of the Renewal Term. Any amounts payable by the Tenant to the Landlord pursuant to this Section 13.1 shall bear interest at the rate of three percent (3%) per annum above the prime rate, per annum, calculated monthly not in advance, from the first day of the Renewal Term until paid.

ARTICLE 14

Section 14.1 Landlord Released

In the event of the sale or Lease by the Landlord of the Premises or the assignment by the Landlord of its interest in this Lease, the Landlord will without further written agreement be released and relieved of and from such liabilities and obligations.

Section 14.2 Tenant's Covenant

The Landlord may sell, transfer or otherwise dispose of the Premises, or any portion of the Premises, to any party and upon the conveyance to such party of the Premises or any portion of them, the Tenant will attorn to and become the Tenant of such party under the terms of this Lease and the Tenant will provide such party with an acknowledgment in writing binding upon the Tenant that it will perform the obligations and satisfy the liabilities of the Tenant, and any indemnifier or covenantor will execute and deliver a new covenant or indemnity agreement to such party on the same terms as any existing agreement with the Landlord.

Section 14.3 Status Statement

The Tenant will provide within three (3) days of the request of the Landlord a status statement for the Landlord, addressed to the Landlord and any potential buyer or mortgagee, binding upon the Tenant, confirming:

- (a) that the Tenant has accepted possession of the Premises;
- (b) whether or not the Landlord has carried out all of its obligations pursuant to this Lease;
- (c) that this Lease constitutes the whole of the agreement between the parties (or setting out such other agreements);
- (d) that this Lease is in full force and effect and that there are no defences or set offs which the Tenant claims against the Landlord (or setting out any such claims); and
- (e) such other matters as may be reasonably required by the Landlord or any potential or actual purchaser of the Premises.

ARTICLE 15

Section 15.1 Delivery of Notices

Any notice required to be given hereunder must be in writing and the sender must deliver it by hand or by telecopier or by mail to the party to which it is to be given, as follows:

- (a) to the Tenant:
Vancouver Film School Limited.
200 -198 West Hastings Street
Vancouver, BC V6B 1H2

Attention: Marty Hasselbach

and

(b) to the Landlord:

City of Vancouver
c/o The Director of Real Estate Services
453 West 12th Avenue
Vancouver BC V5Y 1V4

with concurrent copies to the Director of Legal Services, Fax No. 604.873.7445;

or to such other address or telecopier number as the party may designate and will be deemed to have been received on the day of delivery or telecopying if within business hours on a business day and otherwise on the next succeeding business day and, if mailed, the fifth day after mailing, provided that if there is between the time of mailing and the actual receipt of the notice a mail strike, slow-down or other labour dispute which might affect delivery of such notice then such notice shall only be effective if actually delivered.

Section 15.2 Administration of Lease

Where this agreement requires or permits on the part of the Landlord any authority, reservation, discretion, disallowance, approval or other act of supervision or the giving of any notice, such act or action shall be well and truly performed on the part of the Landlord when performed by the Landlord's Director of Real Estate Services or his nominee.

Section 15.3 Covenants Survive Termination

The covenants herein on the part of the Landlord and the Tenant which, as of termination of this Lease or the Term whether by passage of time or otherwise, remain unfulfilled, undischarged or otherwise outstanding shall nevertheless survive such termination and remain in full force and effect and be binding upon the parties and their respective successors and assigns so long as there is any liability or indebtedness by either party to the other or so long as any such covenant remains unfulfilled, undischarged or otherwise outstanding, whether in whole or in part, notwithstanding anything herein to the contrary.

Section 15.4 Time is of the Essence

Time shall be of the essence of this Lease, save as herein otherwise specified.

Section 15.5 Captions and Headings

The captions and headings throughout this Lease are for convenience and reference only and the words and phrases contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of or the scope or intent of this Lease nor in any way affect this Lease.

Section 15.6 Interpretation

Words herein importing the singular number or the masculine gender only shall include more persons, parties or things of the same kind than one, and females or corporations as well as males, and the converse whenever the context requires; these presents shall extend to, be binding upon and enure to the benefit of the Landlord and the Tenant and the successors and assigns of the Landlord and the heirs, executors, administrators, successors and permitted assigns of the Tenant.

Section 15.7 Joint and Several

Any covenant, agreement, condition or proviso made by two (2) or more persons shall be construed as several as well as joint.

Section 15.8 Waiver

No waiver of or neglect to enforce this Lease upon a default by the Tenant will be deemed to be a waiver of any such right upon any subsequent similar default. Without limiting the generality of this Section 15.8, the acceptance by the Landlord of part payment of any sums, including rent, required to be paid under this Lease will not constitute a waiver or release of the Landlord's right to payment in full of such sums.

Section 15.9 Entire Agreement

The Tenant acknowledges that there are no covenants, representations, warranties, agreements, terms or conditions expressed or implied relating to this Lease or the Premises except as expressly set out in this Lease, and that this Lease may not be modified except by an agreement in writing executed by both the Landlord and the Tenant.

Section 15.10 Governing Law

This Lease will be governed by and interpreted in accordance with the laws of British Columbia and the parties irrevocably attorn to the jurisdiction of the courts of British Columbia.

Section 15.11 Severability

If any provision or provisions of this Lease are determined by a court to be illegal or not enforceable, it or they shall be considered separate and severable from this Lease and the remaining provisions of this Lease shall remain in full force and be binding upon the parties.

Section 15.12 Relationship between Landlord and Tenant

Nothing contained in this Lease nor any acts of the Landlord or the Tenant will be deemed to create any relationship between the Landlord and the Tenant other than the relationship of landlord and tenant.

Section 15.13 Force Majeure

Despite anything contained in this Lease to the contrary, if the Landlord or the Tenant is, in good faith, delayed or prevented from doing anything required by this Lease because of a strike, labour trouble, inability to get materials or services, power failure, restrictive governmental laws or regulations, riots, insurrection, sabotage, rebellion, war, act of God, or any other similar reason, that is not the fault of the party delayed or of its officers, employees or agents, the doing of the thing is excused for the period of the delay and the party delayed will promptly do what was delayed or prevented within the appropriate period after the delay. The preceding sentence does not excuse the Tenant from payment of rent or the Landlord from payment of amounts, if any, that it is required to pay, in the amounts and at the time specified in this Lease.

Section 15.14 Rules and Regulations

The Tenant shall, at all times, comply with, and shall cause its employees, agents, licensees and invitees to comply with such reasonable rules and regulations and amendments and changes thereto as made by the Landlord and notified to the Tenant by providing a copy thereof to the Tenant. All such rules and regulations new or hereafter in force shall be read as forming part of this Lease; provided that if there is a conflict between such rules and regulations and the other provisions of this Lease, such other provisions of this Lease shall in all cases prevail. The Tenant may, at its sole cost and expense, obtain an independent arbitrator to arbitrate this matter in the event the Tenant believes the said rules and regulations are not reasonable provided the Landlord and all parties subject to the said rules and regulations are included, in said arbitration.

Section 15.15 Schedules

The following schedules are attached to this Lease and are incorporated as part of this Lease by reference thereto:

- Schedule "A" - Plan of Premises
- Schedule "B" - ~~General~~ Security Agreement
- Schedule "C" - Certificate of Insurance



IN WITNESS WHEREOF the parties hereto have executed this Lease as of the day and year first above written.

CITY OF VANCOUVER

per:

Authorized Signatory

JOHN BRECKNER
Real Estate Services

Vancouver Film School Limited

per:



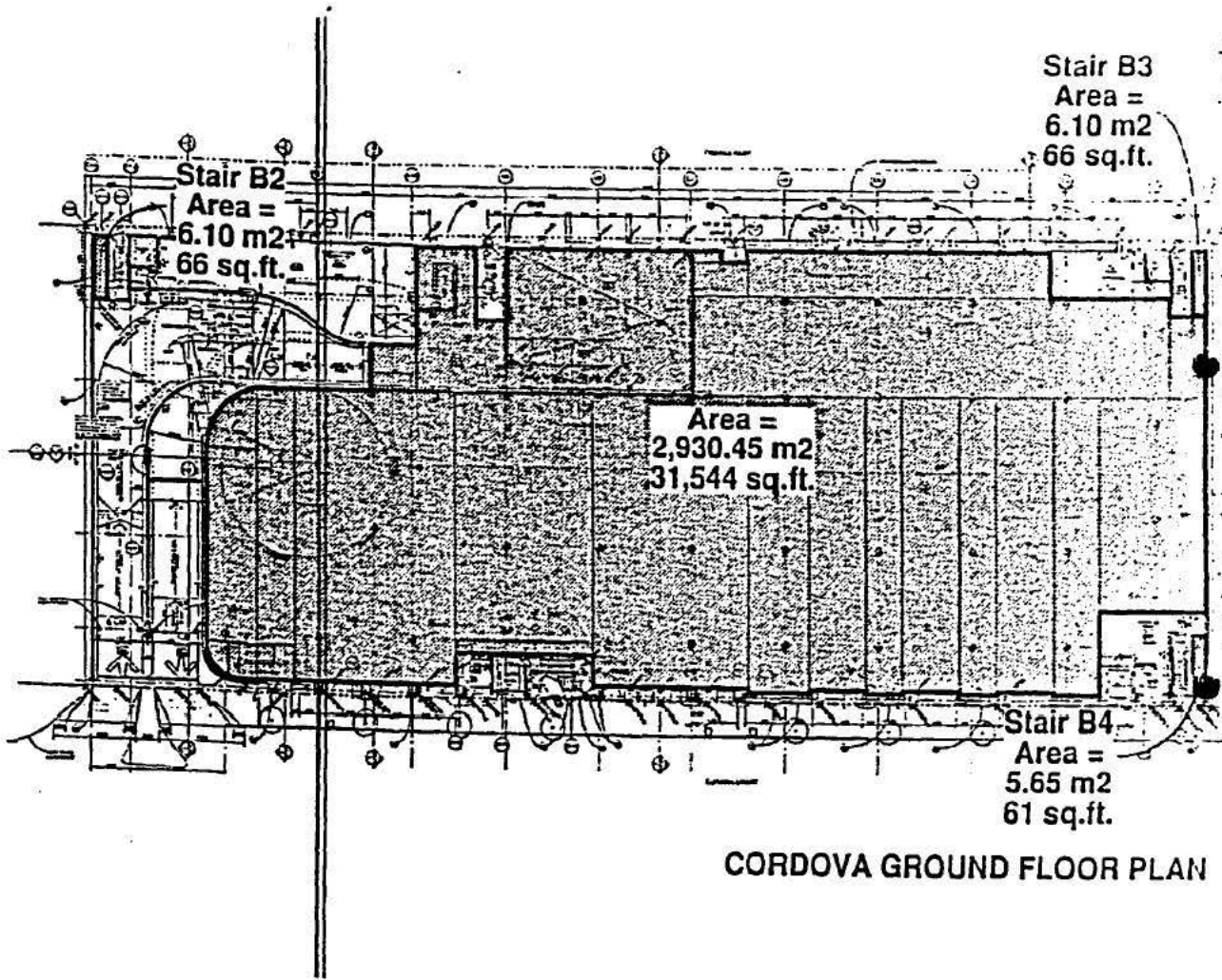
MARTY HASSELBACH
MANAGING DIRECTOR

Authorized Signatory

Authorized Signatory

Approved by resolution of Vancouver City Council on July 12, 2011.

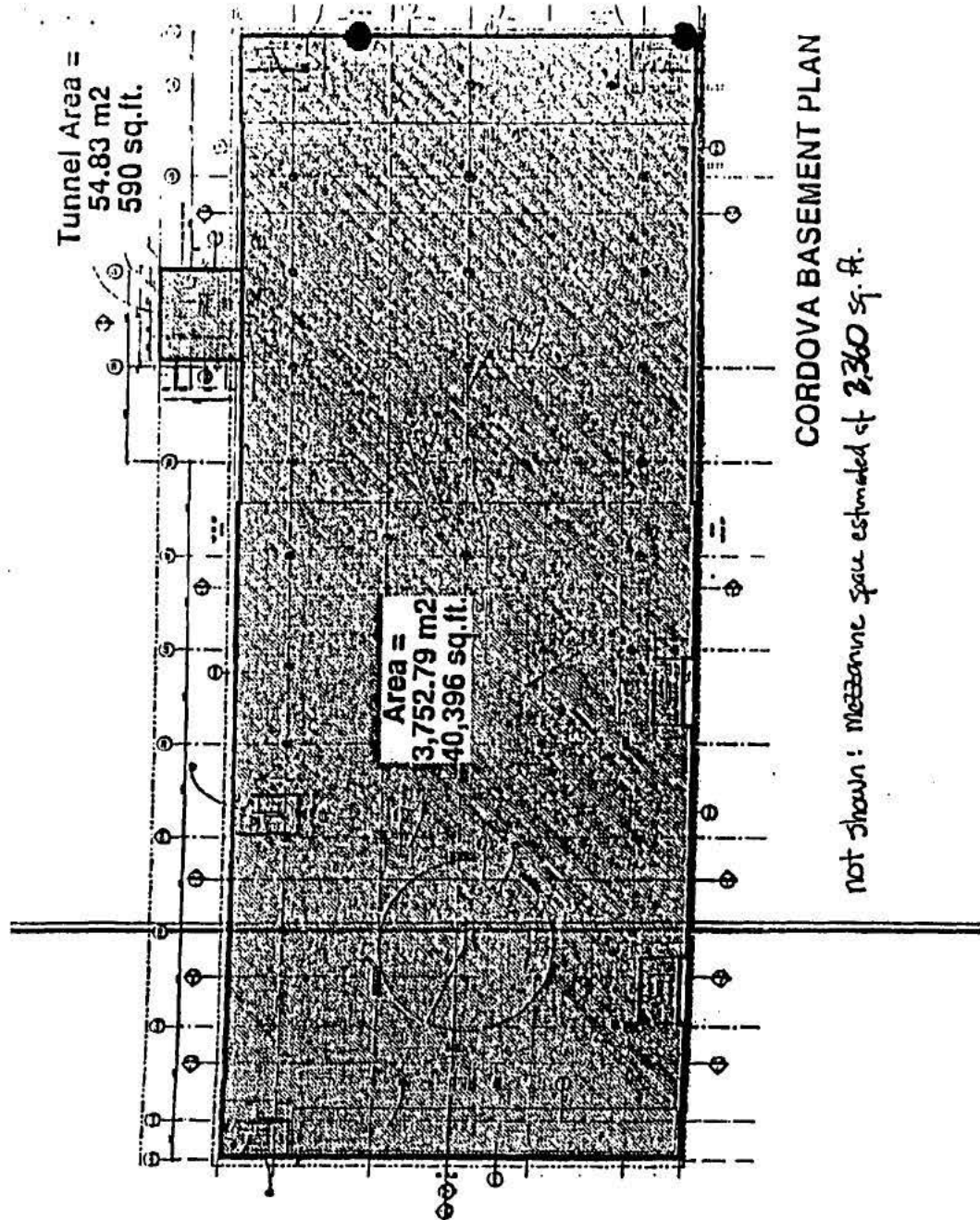
SCHEDULE "A"
LEASED PREMISES



CORDOVA GROUND FLOOR PLAN

MAY 4, 1999/Standard Lease/G:INVESTMENT/YAKILIH-SPARTICULARS - PROPERTIES/SVSOL - VFS - 159 WATER ST - JUNE 21 2011 - NON-BLACKLINED V7.DWG

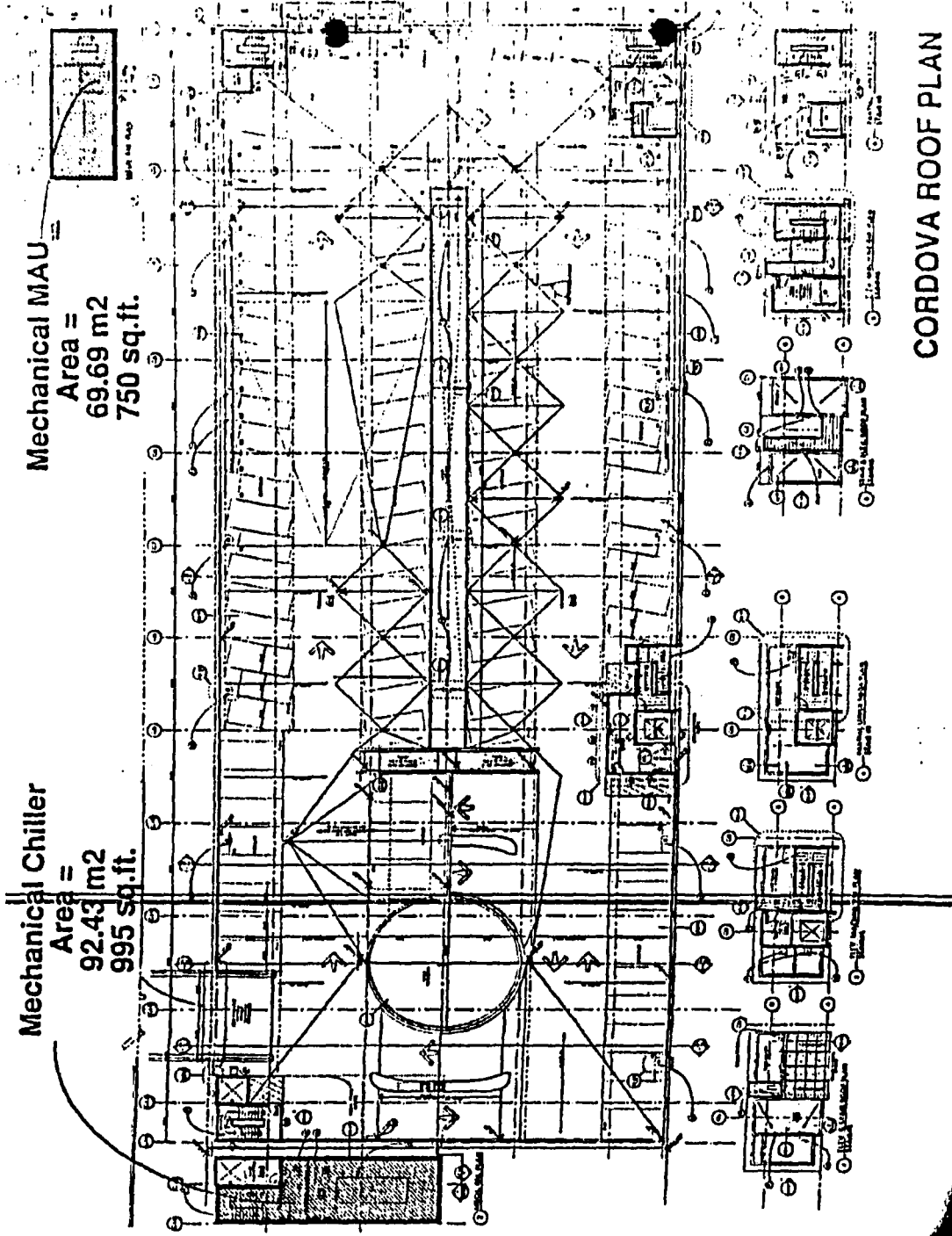




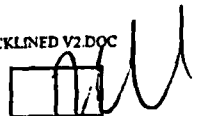
CORDOVA BASEMENT PLAN

not shown: mezzanine space estimated at 2,360 sq. ft.

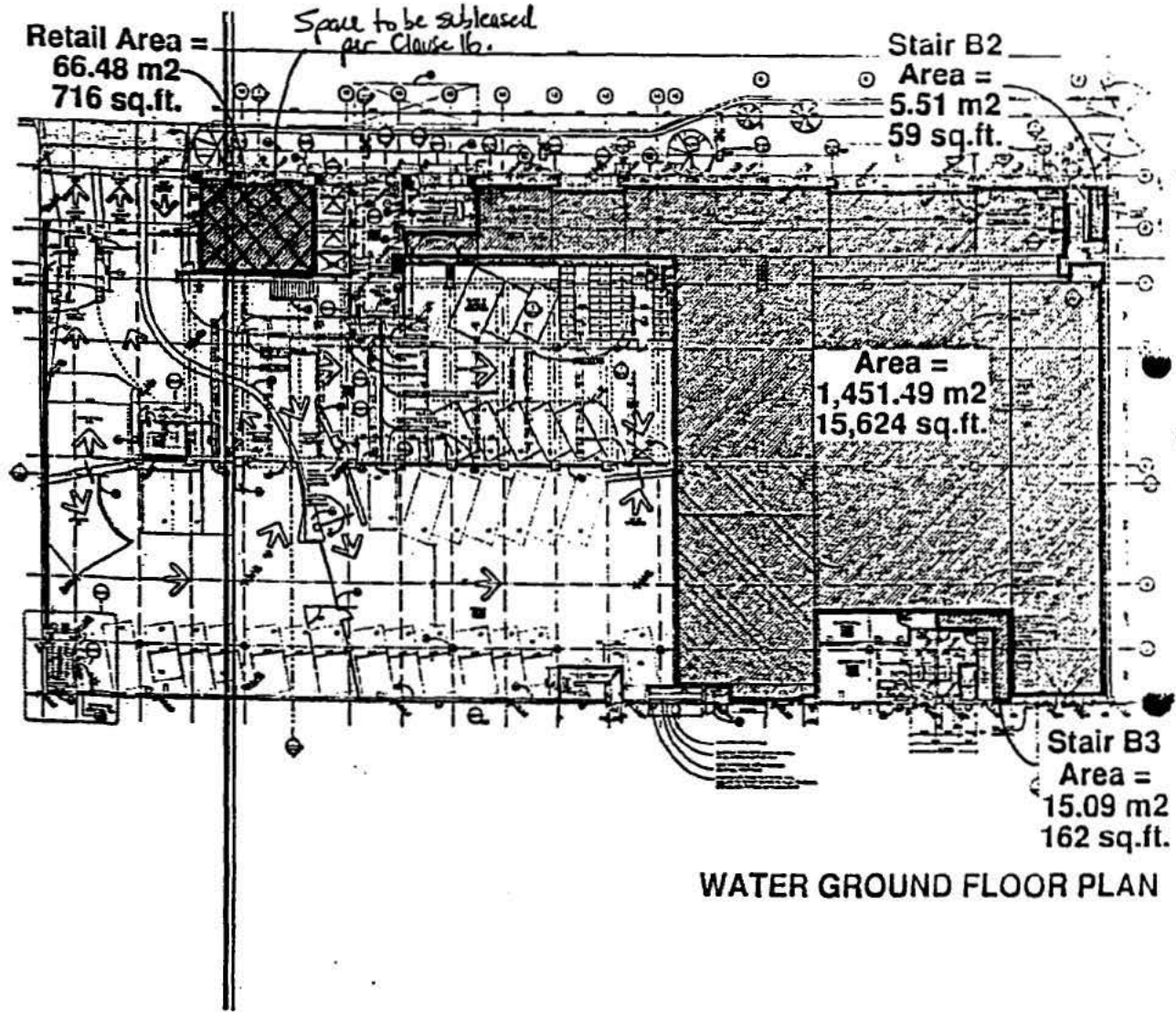
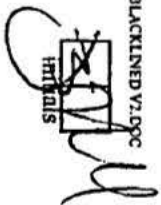
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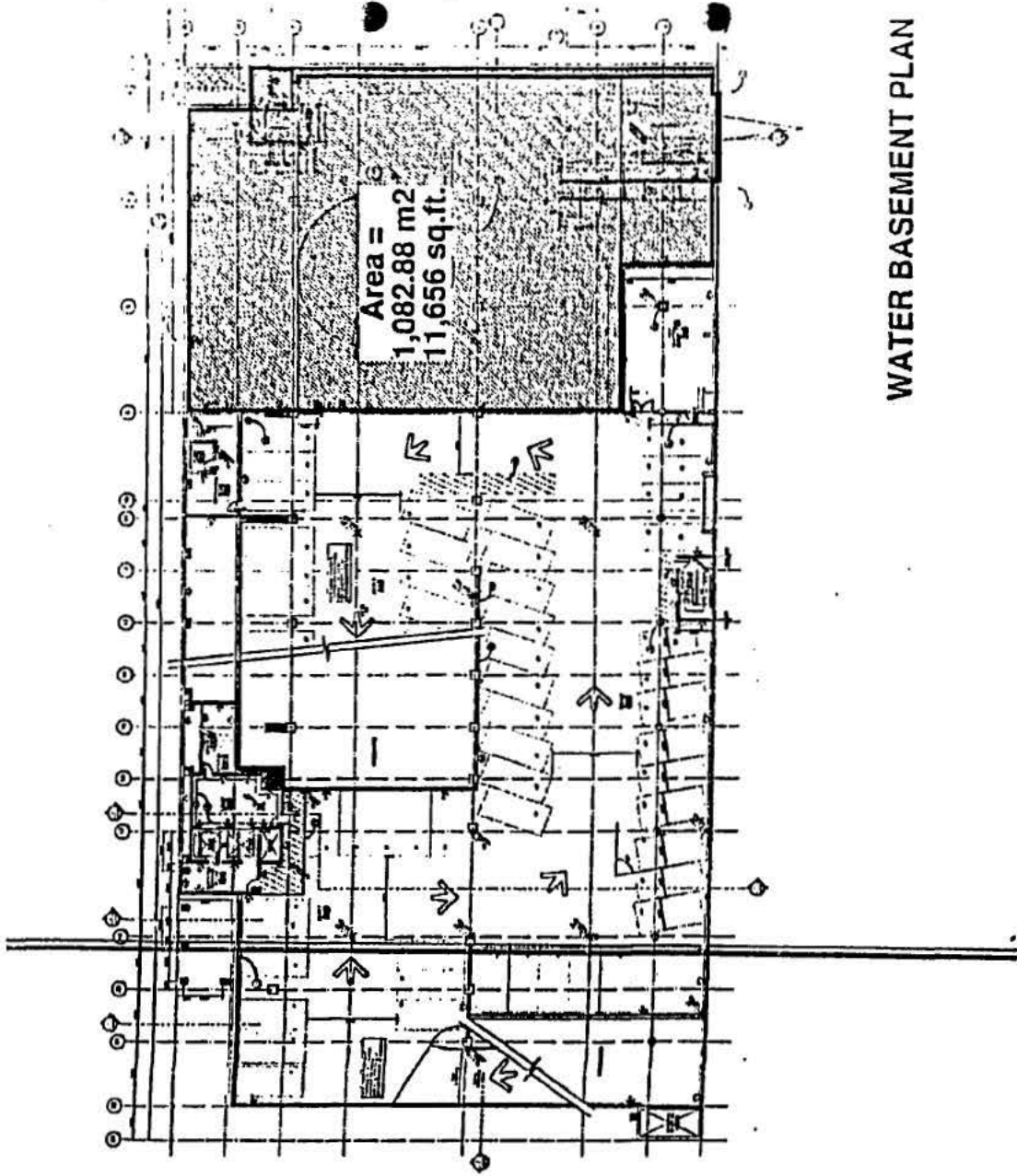


CORDOVA ROOF PLAN

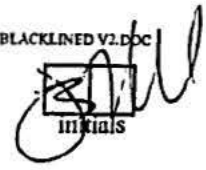

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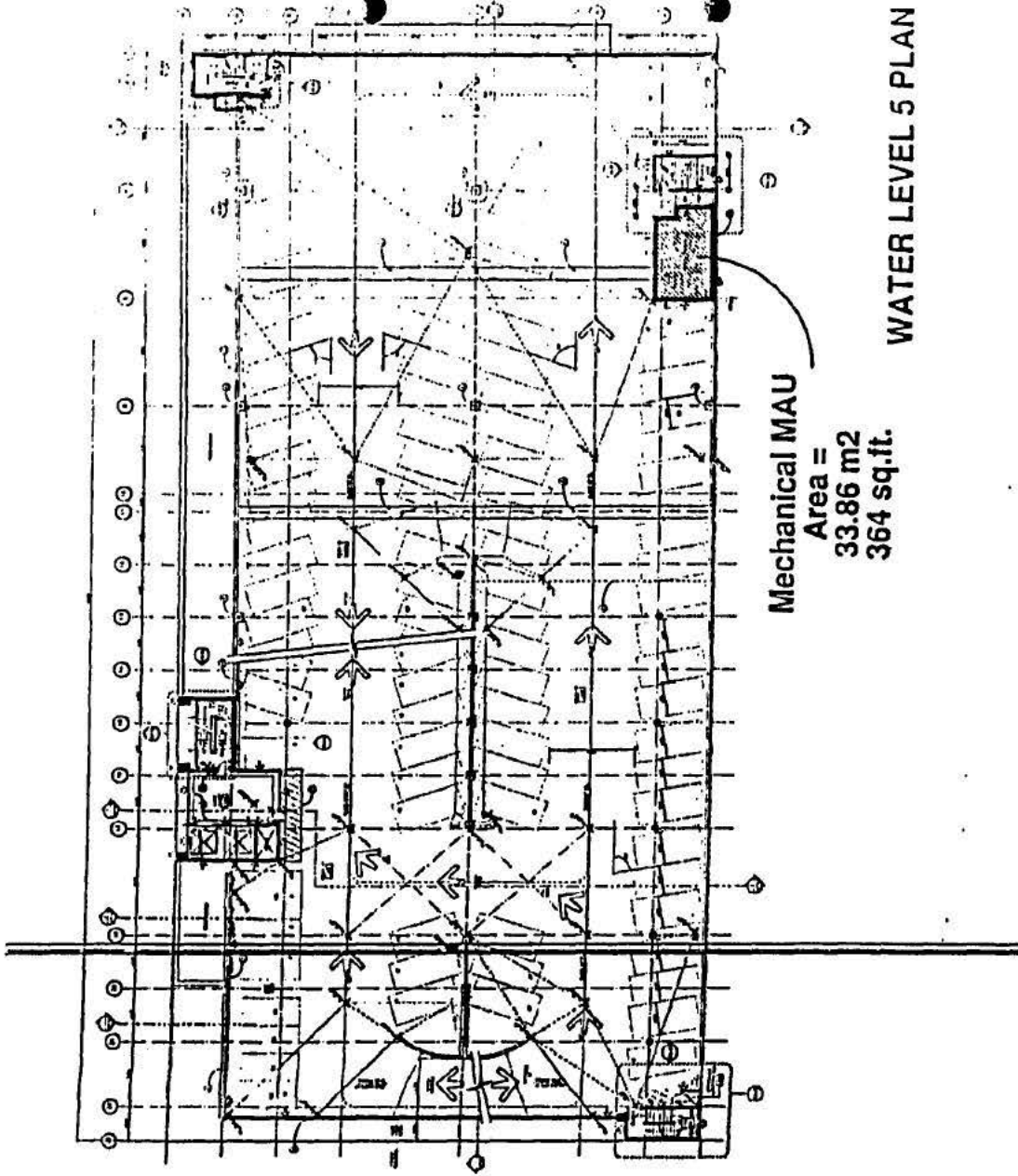
May 4, 1998 Standard Lease U. INVESTMENTNA KIJEI-SPARTICLAN. PROPENTISVSTOL. VFS - 159 WATER ST. FINE 21 2011 - NON-BLACKLINED V7.DOC





WATER BASEMENT PLAN

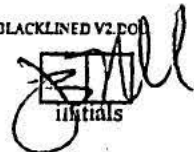

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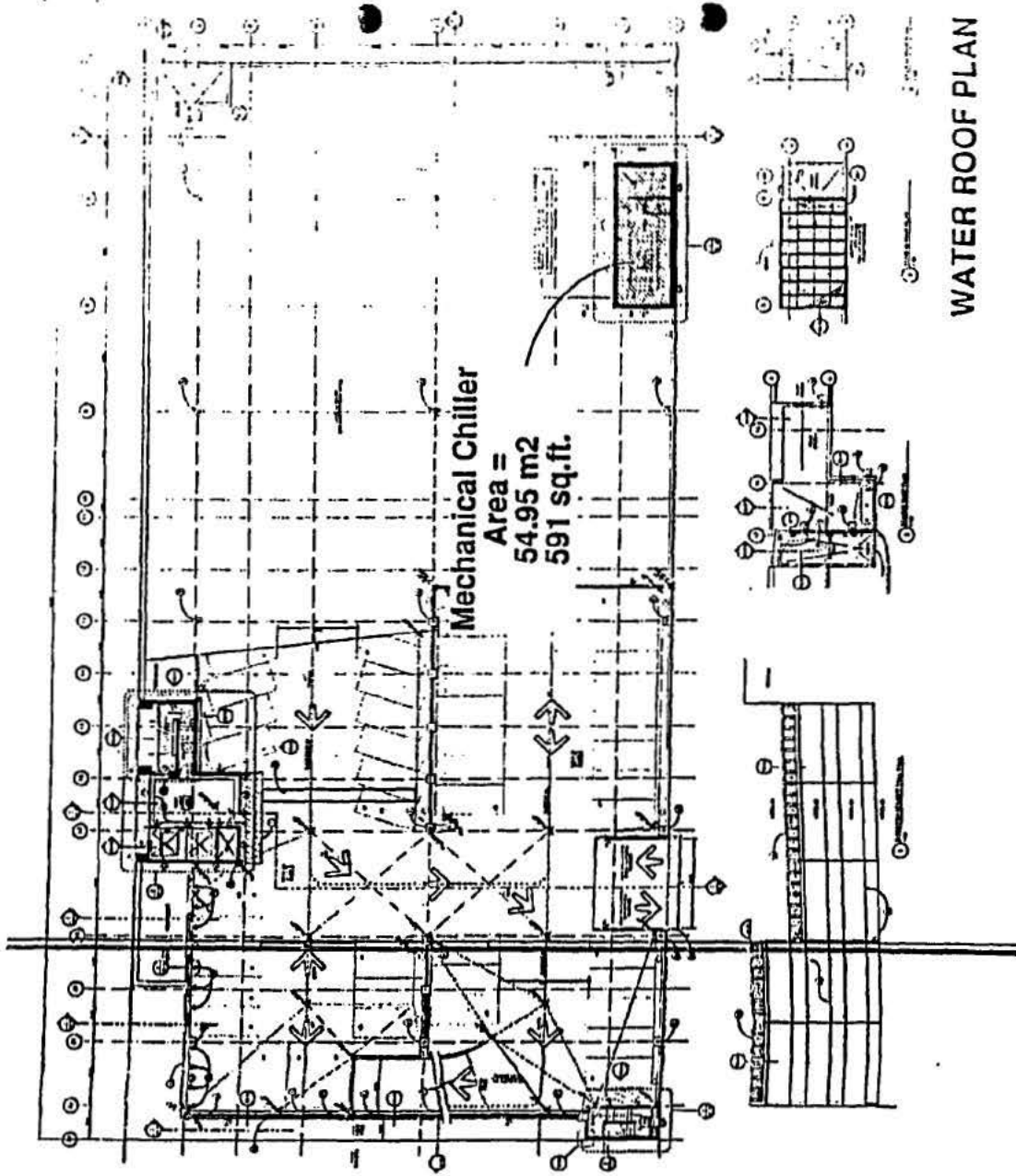


Mechanical MAU

Area =
33.86 m²
364 sq.ft.

WATER LEVEL 5 PLAN


initials



WATER ROOF PLAN

[Handwritten signature]
thitals

SCHEDULE B
SECURITY AGREEMENT

This Agreement made effective the 1st day of August, 2011,

BETWEEN:

VANCOUVER FILM SCHOOL LIMITED
200 -198 West Hastings Street
Vancouver, British Columbia
V6B 1H2

(the "Company")

AND:

CITY OF VANCOUVER, a municipal corporation
having its office at City Hall at
453 West 12th Avenue
Vancouver, British Columbia
V5Y 1V4

(hereinafter referred to as the "Landlord")

1. SECURITY

- 1.1 For value received, the Company grants and creates the security constituted by this Security Agreement and agrees to the terms, covenants, agreements, conditions, provisos and other matters set out in this Security Agreement. As general and continuing security for the Obligations (as defined in clause 2.1 hereof), the Company hereby grants to the Landlord, by way of mortgage, charge, assignment and transfer, a security interest in all presently owned and hereafter acquired Company's trade fixtures and leasehold improvements located in the Premises (as this term is defined in the Lease Agreement) and all Proceeds thereof and therefrom, and substitutions therefor, (all of which are herein collectively called the "Collateral"),
- 1.2 In this Security Agreement:
- 1.2.1 any reference to "Collateral" shall, unless the context otherwise requires, be deemed a reference to "Collateral or any part thereof";
- 1.2.2 any reference to "Security Agreement" shall, unless the context otherwise requires, be deemed a reference to this Security Agreement as amended from time to time by written agreement together with the schedules hereto and any schedules added hereto pursuant to the provisions hereof;
- 1.2.3 any reference to "Lease Agreement" means the agreement between the Company and the Landlord made effective August 1, 2011, as amended, modified, supplemented, revised, restated or replaced from time to time;

- 1.2.4 any reference to “PPSA” shall mean the *Personal Property Security Act* of the Province as amended from time to time, including any amendments thereto and any Act substituted therefor and amendments thereto;
 - 1.2.5 any reference to the “Province” shall mean the Province of British Columbia;
 - 1.2.6 any reference to “Permitted Encumbrances” shall mean the Encumbrances set out in the attached Encumbrance Schedule;
 - 1.2.7 any reference to “Encumbrances” or “Liens” shall mean any and all security interests, mortgages, liens, claims, charges and other encumbrances;
 - 1.2.8 any reference to “Default” means a “breach of covenant” as this term is described in the Lease Agreement which is unremedied and is outstanding beyond any cure period permitted under the Lease, or such longer period as the Landlord may permit in writing.
- 1.3 The Landlord and the Company have not agreed to postpone the time for attachment of the security interest granted hereby and the Company and the Landlord intend that the security interest granted hereby shall attach to presently owned or held Collateral forthwith upon execution of this Security Agreement and shall attach to hereafter acquired Collateral forthwith upon acquisition of any right, title and interest of the Company in such collateral.
- 1.4 The last 10 days of the term created by any lease or agreement therefor are hereby excepted out of the security constituted by this Security Agreement but the Company shall, subject to the rights of holders from time to time of Permitted Encumbrances, stand possessed of the reversion thereby remaining upon trust to assign and dispose thereof to any third party as the Landlord shall direct.

2.0 OBLIGATIONS SECURED

- 2.1 The security constituted by this Security Agreement is general and continuing security for payment, performance and satisfaction of each and every obligation, indebtedness and liability of the Company to the Landlord (including interest thereon), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, but arising solely under the Lease Agreement (the “Obligations”).
- 2.2 This Security Agreement and the security constituted hereby are in addition to and not in substitution for any other security or securities which the Landlord may now or from time to time hold or take from the Company or from any other person whomsoever.

3.0 REPRESENTATIONS AND WARRANTIES OF THE COMPANY

- 3.1 The Company represents and warrants that, and, so long as this Security Agreement remains in effect, shall be deemed to continuously represent and warrant that:
- 3.1.1 this Security Agreement has been authorized, executed and delivered in accordance with resolutions of the directors (and of the shareholders as applicable) of the Company and all other matters and things have been done and performed so as to authorize and make the execution and delivery of this Security Agreement, the creation of the security constituted hereby and the performance of the Company’s obligations hereunder, legal, valid and binding;

3.1.2 the Collateral is genuine and is owned by the Company free of all Encumbrances, save for the security constituted by this Security Agreement, the Permitted Encumbrances and those Encumbrances approved in writing by the Landlord; and

3.1.3 the Company has good and lawful authority to create the security in the Collateral constituted by this Security Agreement.

4.0 COVENANTS OF THE COMPANY

4.1 The Company covenants and agrees that at all times while this Security Agreement remains in effect the Company will:

4.1.1 defend the Collateral for the benefit of the Landlord against the claims and demands of all other persons, except only the holders from time to time of Permitted Encumbrances;

4.1.2 not, without the prior written consent of the Landlord:

(a) create or permit to exist any Encumbrance against any of the Collateral which ranks or could in any event rank in priority to or pari passu with the security constituted by this Security Agreement, save for:

(i) the Permitted Encumbrances; and

(ii) Encumbrances approved in writing by the Landlord prior to creation or assumption; or

(b) grant, sell, exchange, transfer, assign, lease or otherwise dispose of the Collateral, other than as expressly permitted in the Lease Agreement.

4.1.3 fully and effectively maintain and keep maintained valid and effective the security constituted by this Security Agreement;

4.1.4 notify the Landlord promptly of:

(a) the details of any claims or litigation affecting the Collateral in excess of \$10,000; and

(b) any loss, damage or proposed disposition of or to Collateral in excess of \$10,000 for each occurrence;

4.1.5 subject to Section 4.1.2, keep the Collateral in good order, condition and repair and located at the Premises, as this term is defined in the Lease Agreement, and not use the Collateral in violation of the provisions of this Security Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;

4.1.6 subject to Section 4.1.2, carry on and conduct the business of the Company so as to protect and preserve the Collateral and to keep accurate and complete records concerning the Collateral;

4.1.7 forthwith pay:

- (a) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Company shall in good faith contest its obligations so to pay; and
- (b) all Encumbrances which rank or could in any event rank in priority to or pari passu with the security constituted by this Security Agreement, other than the Permitted Encumbrances and those approved in writing by the Landlord;

4.1.8 following a Default (which has not been remedied) deliver to the Landlord from time to time promptly upon request such information concerning the Collateral as the Landlord may reasonably request;

4.1.9 forthwith pay all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) which may be incurred by the Landlord in:

- (a) exercising all or any powers granted to it pursuant to this Security Agreement including taking, recovering, keeping possession of and insuring the Collateral after Default;
- (b) connection with any disclosure requirements under the PPSA; and
- (c) all other actions and proceedings taken in connection with the preservation of the Collateral and the confirmation, perfection and enforcement of this Security Agreement.

shall be payable by the Company to the Landlord forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall form part of the Obligations and constitute a charge upon the Collateral in favour of the Landlord prior to all claims subsequent to this Security Agreement.

4.1.10 at the Landlord's request at any time and from time to time execute and deliver such further and other documents and instruments and do all other acts and things as the Landlord reasonably requires in order to give effect to this Security Agreement or to confirm and perfect, and maintain perfection of, the security constituted by this Security Agreement in favour of the Landlord; and

4.1.11 following a Default which has not been remedied, permit the Landlord and its representatives, at all reasonable times, access to the Collateral for the purpose of inspection and render all assistance necessary for such inspection.

5.0 CITY ACTIONS

5.1 The Company hereby authorizes the Landlord to file a financing statement, in such form as agreed to by the Company, and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying the Collateral or any Permitted Encumbrances affecting the Collateral or identifying the location at which the Company's Collateral is situate) to perfect and continue the security constituted hereby, to protect and preserve the Collateral and to realize upon the security constituted hereby and the Company hereby irrevocably constitutes and appoints the Landlord the true and lawful attorney of the

Company, with full power of substitution, to do any of the foregoing in the name of the Company whenever and wherever it may be deemed necessary or expedient by the Landlord.

- 5.2 If the Company fails to perform any of its obligations hereunder, the Landlord may, but shall not be obliged to, perform any or all of such obligations without prejudice to any other rights and remedies of the Landlord hereunder, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred in connection therewith shall be payable by the Company to the Landlord forthwith with interest until paid at the highest rate borne by any of the Obligations and such amounts shall form part of the Obligations and constitute a charge upon the Collateral in favour of the Landlord prior to all claims subsequent to this Security Agreement.

6.0 DEFAULT

- 6.1 The Company shall be in default under this Security Agreement, unless otherwise agreed to in writing by the Landlord, upon the occurrence of a Default under the Lease Agreement or a Default under this Security Agreement.

7.0 ENFORCEMENT

- 7.1 Upon a Default, under the Lease Agreement, or under this Security Agreement, the security hereby constituted will immediately become enforceable.

- 7.2 To enforce and realize on the security constituted by this Security Agreement the Landlord may take any action permitted by law or in equity, as it may deem expedient, and in particular, without limiting the generality of the foregoing, the Landlord may do any one or more of the following:

7.2.1 enter upon the premises of the Company under the Lease and take possession of the Collateral with power to exclude the Company, its agents and its servants therefrom, without becoming liable as a mortgagee in possession;

7.2.2 preserve, protect and maintain the Collateral and make such replacements thereof and repairs and additions thereto as the Landlord may deem advisable;

7.2.3 sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of all or any part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained therefor and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to the Landlord may seem reasonable, provided that the Company will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies therefor are actually received; and

7.2.4 exercise all of the rights and remedies of a secured party under the PPSA in relation to the Collateral except that the Landlord shall have no right to appoint a receiver or receiver manager or to displace or recall management of the Company.

8.0 DEFICIENCY

- 8.1 If the amounts realized from the disposition of the Collateral are not sufficient to pay the Obligations in full to the Landlord, the Company will immediately pay to the Landlord the amount of such deficiency.

9.0 RIGHTS CUMULATIVE

- 9.1 All rights and remedies of the Landlord set out in this Security Agreement are cumulative and no right or remedy contained herein is intended to be exclusive but each will be in addition to every other right or remedy contained herein or now or hereafter existing at law or in equity or pursuant to any other agreement between the Company and the Landlord that may be in effect from time to time.

10.0 APPOINTMENT OF ATTORNEY

- 10.1 Effective only after Default, the Company hereby irrevocably appoints the Landlord, with full power of substitution, to be the attorney of the Company for and in the name of the Company to sign, endorse or execute under seal or otherwise any deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Company is obliged to sign, endorse or execute and generally to use the name of the Company and to do all things as may be necessary or incidental to the exercise of all or any of the powers conferred on the Landlord, pursuant to this Security Agreement. The Landlord now separately agrees with the Company that the Landlord will not make use of this appointment except following a default hereunder which has not been remedied and will cease the use of this appointment in the event that such default is remedied.

11.0 LIABILITY OF THE LANDLORD

- 11.1 The Landlord shall not be bound to do, observe or perform or to see to the observance or performance by the Company of any obligations or covenants imposed upon the Company, nor shall the Landlord be obliged to keep any of the Collateral identifiable.
- 11.2 The Landlord shall not be obliged to inquire into the right of any person purporting to be entitled under the PPSA to information and materials from the Landlord by making a demand upon the Landlord for such information and materials, and the Landlord shall be entitled to comply with such demand and shall not be liable for having complied with such demand notwithstanding that such person may in fact not be entitled to make such demand.
- 11.3 The Company will indemnify the Landlord and hold the Landlord harmless from and against any and all claims, costs, losses, demands, actions, causes of action, lawsuits, damages, penalties, judgments and liabilities of whatsoever nature and kind in connection with or arising out of any representation or warranty given by the Company being untrue, or the breach of any term, condition, proviso, agreement or covenant to the Landlord, or the exercise of any of the rights and/or remedies of the Landlord, or any transaction contemplated in this Security Agreement.
- 11.4 The Company hereby waives any applicable provision of law permitted to be waived by it which imposes higher or greater obligations upon the Landlord than provided in this Security Agreement.

12.0 APPROPRIATION OF PAYMENTS AND OFFSET

- 12.1 Subject to any applicable provisions of the PPSA and after any Default, any and all payments made in respect of the Obligations from time to time and monies realized from any security held therefor (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Landlord may

see fit, and the Landlord may at all times and from time to time change any appropriation as the Landlord may see fit or, at the option of the Landlord, such payments and monies may be held unappropriated in a collateral account or released to the Company, all without prejudice to the liability of the Company or to the rights of the Landlord hereunder.

13.0 WAIVER

13.1 No delay or omission by the Landlord in exercising any right or remedy hereunder or with respect to any of the Obligations shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy.

13.2 The Landlord may from time to time and at any time waive in whole or in part any right, benefit or default under any clause of this Security Agreement but any such waiver of any right, benefit or default on any occasion shall be deemed not to be a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default, as the case may be.

14.0 EXTENSIONS

14.1 The Landlord may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security, and otherwise deal with the Company, sureties and others and with the Collateral and other security as the Landlord may see fit without prejudice to the liability of the Company or the Landlord's right to hold and realize on the security constituted by this Security Agreement.

15.0 ASSIGNMENT

15.1 The Landlord may not, at any time mortgage, charge, assign, transfer or grant a security interest in this Security Agreement and the security constituted hereby.

16.0 SATISFACTION AND DISCHARGE

16.1 Any partial payment or satisfaction of the Obligations, or any ceasing by the Company to be indebted to the Landlord, shall be deemed not to be redemption or discharge of the security constituted by this Security Agreement but this Security Agreement shall terminate and be of no further force or effect upon the termination of the Lease Agreement.

16.2 The Company shall be entitled to a release and discharge of the security constituted by this Security Agreement upon full payment, performance and satisfaction of all Obligations, or the securing of the Obligations to the satisfaction of the Landlord, and upon written request by the Company and payment to the Landlord of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by the Landlord in connection with the Obligations and such release and discharge.

17.0 NO MERGER

17.1 This Security Agreement shall not operate so as to create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security in any form held or which may hereafter be held by the Landlord from the Company or from any other person whomsoever.

17.2 The taking of a judgment with respect to any of the Obligations will not operate as a merger of any of the terms, conditions, covenants, agreements or provisos contained in this Security Agreement.

17.3 The release and discharge of the security constituted by this Security Agreement by the Landlord shall not operate as a release or discharge of any right of the Landlord to be indemnified and held harmless by the Company pursuant to clause 11.4 hereof or of any other right of the Landlord against the Company arising under this Security Agreement prior to such release and discharge.

18.0 INTERPRETATION

18.1 In this Security Agreement:

18.1.1 the invalidity or unenforceability of the whole or any part of any clause shall not affect the validity or enforceability of any other clause or the remainder of such clause;

18.1.2 the headings have been inserted for reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement; and

18.1.3 when the context so requires, the singular shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependent upon the person referred to being a male, female, firm or corporation.

19.0 NOTICE

19.1 Whenever either the Landlord or the Company hereto is required or entitled to notify or direct the other or to make a demand upon or request of the other relating to the Collateral, this Security Agreement or the PPSA, such notice, direction, demand or request shall be sufficiently given if given in writing and delivered to the party for whom it is intended according to Article 15, Section 15.1 – *Delivery of Notices*, of the Lease Agreement.

19.2 Either the Landlord or the Company may notify the other in accordance herewith of any change in its principal address to be used for the purposes hereof.

20.0 VARIATION

20.1 No modification, variation or amendment of any provision of this Security Agreement shall be made except by written agreement, executed by the parties hereto and no waiver of any provision hereof shall be effective unless in writing.

21.0 ENUREMENT

21.1 This Security Agreement shall enure to the benefit of the Landlord and its successors and permitted assigns and shall be binding upon the Company and its successors and permitted assigns.

22.0 COPY OF AGREEMENT AND FINANCING STATEMENT

22.1 The Company hereby acknowledges receiving a copy of this Security Agreement.

23.0 GOVERNING LAW

23.1 This Security Agreement shall be governed by and construed in accordance with the laws of the Province.

[INTENTIONALLY BLANK]

23.3 For the purpose of legal proceedings this Security Agreement shall be deemed to have been made in the Province and to be performed there and the courts of the Province shall have jurisdiction over all disputes which may arise under this Security Agreement and the Company hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of such courts, provided always that nothing herein contained shall prevent the Landlord from proceeding at its election against the Company in the courts of any other province, country or jurisdiction.

IN WITNESS WHEREOF the Company has executed this Security Agreement on the day and year written below.

Officer Signature(s)	Execution Date			Party(ies) Signature(s)
	Y	M	D	
	2011			VANCOUVER FILM SCHOOL LIMITED by its authorized signatory(ies)
				Name: _____
				Title: _____
				Name: _____
				Title: _____

OFFICER CERTIFICATION: Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1979, c.116, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

* If space insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.
 ** If space insufficient, continue executions on additional page(s) in Form D.

ENCUMBRANCE SCHEDULE

- A. Liens for taxes, assessments or other governmental charges or obligations (including, without limitation, and by way of example only, statutory liens in respect of sales tax, income tax, workers' compensation, employment insurance, and pension remittances) the payment of which is not at the time due or delinquent unless the validity of same is being disputed in good faith by the Company.
- B. Undetermined or inchoate Liens incidental to current construction or current operations of the Company which have not been filed against the Company or which relate to obligations neither due nor delinquent.
- C. The Lien of any judgment rendered or filed against the Company which the Company is contesting in good faith.
- D. Builder's, mechanic's, maritime, warehousemen's, woodsmen's, carriers' and other similar Liens which relate to obligations not due or delinquent.
- E. Any Encumbrance resulting from the deposit of cash or obligations as security when the Company is required to make such deposit by governmental or other public authority or by normal business practice in connection with contracts, licenses or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same or to secure workers' compensation, surety or appeal bonds or to secure costs of litigation when required by law.
- F. Public or statutory obligations which are not due or delinquent, and security given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the Company's business.
- G. Encumbrances consented to in writing by the Landlord or any assignee of the Landlord.

SCHEDULE "C"



GENERAL CERTIFICATE OF INSURANCE

Section 8 b) - City staff to select the required # of days Written Notice before sending the certificate out for completion
 Section 2 through 8 - to be completed and executed by the insurer or its Authorized Representative

1. **THIS CERTIFICATE IS ISSUED TO:** City of Vancouver, 453 W 12th Avenue, Vancouver, BC, V5Y 1V4
 and certifies that the insurance policies as listed herein have been issued to the Named Insured(s) and are in full force and effect as of the effective date of the agreement described below.

2. **NAMED INSURED:** [must be the same name as the Permittee/Licensee or Party(ies) to Contract and is/are either an individual(s) or a legally incorporated company(ies)]

MAILING ADDRESS:

LOCATION ADDRESS:

DESCRIPTION OF OPERATION, CONTRACT, AGREEMENT, LEASE, PERMIT OR LICENSE:

3. **PROPERTY INSURANCE** naming the City of Vancouver as a Named Insured and/or Loss Payee with respect to its interests and shall contain a waiver clause in favour of the City of Vancouver.
 (All Risks Coverage including Earthquake and Flood)

INSURER: _____	INSURED VALUES: (Replacement Cost)
TYPE OF COVERAGE: _____	Building and Tenants' Improvements: \$ _____
POLICY NUMBER: _____	Contents and Equipment: \$ _____
POLICY PERIOD: From _____ to _____	Deductible Per Loss: \$ _____

4. **COMMERCIAL GENERAL LIABILITY INSURANCE (Occurrence Form)**

Including the following extensions: <input checked="" type="checkbox"/> Personal Injury <input checked="" type="checkbox"/> Products and Completed Operations <input checked="" type="checkbox"/> Cross Liability or Severability of Interest <input checked="" type="checkbox"/> Employees as Additional Insureds <input checked="" type="checkbox"/> Blanket Contractual Liability <input checked="" type="checkbox"/> Non-Owned Auto Liability	LIMITS OF LIABILITY: (Bodily Injury and Property Damage Inclusive)
INSURER: _____	Per Occurrence: \$ _____
POLICY NUMBER: _____	Aggregate: \$ _____
POLICY PERIOD: From _____ to _____	All Risk Tenants' Legal Liability: \$ _____
	Deductible Per Occurrence: \$ _____

5. **AUTOMOBILE LIABILITY INSURANCE** for operation of owned and/or leased vehicles

INSURER: _____	LIMITS OF LIABILITY:
POLICY NUMBER: _____	Combined Single Limit: \$ _____
POLICY PERIOD: From _____ to _____	<i>If vehicles are insured by ICBC, complete and provide Form APV-47.</i>

6. **UMBRELLA OR** **EXCESS LIABILITY INSURANCE**

INSURER: _____	LIMITS OF LIABILITY: (Bodily Injury and Property Damage Inclusive)
POLICY NUMBER: _____	Per Occurrence: \$ _____
POLICY PERIOD: From _____ to _____	Aggregate: \$ _____
	Self-Insured Retention: \$ _____

7. **OTHER INSURANCE** (e.g. Boiler & Machinery, Business Interruption, Crime, etc.) - Please specify Name of Insurer(s), Policy Number, Policy Period, and Limit

8. **POLICY PROVISIONS:**

- Where required by the governing contract, agreement, lease, permit or license, it is understood and agreed that:
- The City of Vancouver, its officials, officers, employees, servants and agents have been added as Additional Insureds with respect to liability arising out of the operation of the Named Insured pursuant to the governing contract, agreement, lease, permit or license;
 - SIXTY (60) days written notice of cancellation or material change resulting in reduction of coverage with respect to any of the policies listed herein, either in part or in whole, will be given by the Insurer(s) to the Holder of this Certificate; the exception is cancellation for non-payment of premiums in which case the applicable statutory conditions will apply;
 - The insurance policy (policies) listed herein shall be primary with respect to all claims arising out of the operation of the Named Insured. Any insurance or self-insurance maintained by the City of Vancouver shall be in excess of this insurance and shall not contribute to it.

SIGNED BY THE INSURER OR ITS AUTHORIZED REPRESENTATIVE

PRINT NAME OF INSURER OR ITS AUTHORIZED REPRESENTATIVE, ADDRESS AND PHONE NUMBER

Dated: _____



LAW DEPARTMENT

File No.: LS-17-00576

MEMORANDUM

April 20, 2017

TO: Janice Mackenzie, City Clerk

Cc: Winnie Chan, Real Estate (without enclosure)

FROM: Jean Billing, Solicitor, Law Department

SUBJECT: Consent to Sublease dated for reference April 5, 2017 among City of Vancouver, Mimic Performance Capture Inc. and Vancouver Film School Limited

Enclosed please find the above-noted contract for filing. Please note the following:

TYPE OF AGREEMENT	One (1) signed copy of the Consent to Sublease
DATE OF AGREEMENT (if this date is execution date and there is more than one date, use the latest date as the date of the agreement)	April 5, 2017
PARTIES (complete names)	City of Vancouver, Mimic Performance Capture Inc. and Vancouver Film School Limited
CIVIC ADDRESS (no abbreviations - must be searchable)	151 West Cordova, Vancouver, BC
LEGAL DESCRIPTION (no abbreviations - must be searchable)	N/A
EXPIRY DATE (indicate "N/A" if there is no expiry date)	July 31, 2032

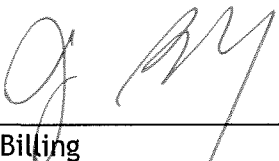
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Page 1

City of Vancouver
 Law Department
 453 West 12th Avenue
 Vancouver, British Columbia V5Y 1V4 Canada
 tel: 604.873.7512 fax: 604.873.7445



RETENTION DATE (if there is an expiry date, fill in the date that the City Clerk may send this document to Records - usually one year after expiry date)	July 31, 2033
REMINDER DATE (if there are no expiry/retention dates, THIS MUST BE FILLED IN - the lawyer can help to determine when this agreement could possibly be sent to Records - City Clerks will use this date to remind us to review the agreement to determine whether it can be sent to Records)	
WHO TO NOTIFY: (this may be more than one person) make sure you indicate the person's name, department (including division) and telephone number]	Jean Billing, Law Department Phone: (604) 873-7694 Winnie Chan, Real Estate Services Phone: (604) 873-7807
FILE NUMBER (Law Department file number)	LS-17-00576



Jean F. Billing

Phone: 604-873-7694
 Fax: 604-873-7445

JFB:rp
 Attachment

CONSENT TO SUBLEASE

THIS CONSENT TO SUBLEASE is dated for reference April 5, 2017.

AMONG:

CITY OF VANCOUVER

(the "City")

AND:

MIMIC PERFORMANCE CAPTURE INC.

(the "Subtenant")

AND:

VANCOUVER FILM SCHOOL LIMITED

(the "Tenant")

INTRODUCTION AND BACKGROUND:

- A. By a lease made effective August 1, 2011, as modified, (collectively the "Head Lease"), the City, as landlord, leased to the Tenant certain premises (the "Premises") located at 151 West Cordova Street, Vancouver, British Columbia;
- B. Pursuant to Section 7.2 of the Head Lease, the Tenant may not sublease the Premises, or any portion thereof, without the prior written consent of the City;
- C. The Tenant and Subtenant wish to enter into a sublease (the "Sublease") of a portion of the premises having an area of approximately 3,052 square feet (the "Sublet Premises") and the Tenant has made a request to the City for consent to the granting of the proposed Sublease; and
- D. The City has agreed to consent to the proposed Sublease subject to the terms and conditions of this Consent to Sublease (the "Agreement").

TERMS AND CONDITIONS:

1. **Consideration.** Each of the parties acknowledges that it has received valuable consideration to enter into this Agreement and is receiving a commercial benefit under the terms of this Agreement.
2. **Consent of the City.** The City consents to the sublease of the Sublet Premises to the Subtenant by the Tenant and confirms that the Tenant has satisfied the requirement under Section 7.2 of the Head Lease to obtain the City's consent to the proposed Sublease.

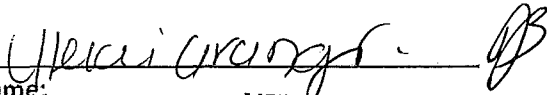
3. **Future Assignment or Sublease.** Any future assignment or sublease by the Tenant or the Subtenant, including any assignment of the Sublease or sublease of the Sublet Premises, will be subject to the restrictions on assignment or subleasing contained in the Head Lease.
4. **Tenant Remains Fully Liable.** The Tenant will remain fully liable for all rent payable under the Head Lease and for all other obligations of the Tenant under the Head Lease and is not released from any obligation under the Head Lease as a result of the City's consent to the Sublease.
5. **Limited Consent.** The City's consent to the Sublease is limited to the Tenant entering into a Sublease with the Subtenant for the Sublet Premises for a term less than the term of the Head Lease and the City's consent will expire and be no further force and effect if the Sublease is not entered into on or before May 31, 2017.
6. **Paramountcy of Head Lease.** The Subtenant confirms that the Sublease will at all times be subject to and subordinate to the Head Lease and that the Subtenant has no greater interest in the Sublet Premises than the Tenant has under the Head Lease. To the extent there is any conflict, inconsistency or ambiguity between the terms of the Head Lease and the Sublease, the terms of the Head Lease will prevail.
7. **Head Lease.** Nothing in this Agreement will be construed or interpreted as an amendment of the Head Lease or waiver of any rights of the City under the Head Lease, all of which remain unchanged and in full force and effect.
8. **Termination of the Head Lease.** If the City terminates the Head Lease, pursuant to the terms of the Head Lease, the Subtenant will not be permitted to remain in possession of the Sublet Premises, whether or not such termination is in the control of the Subtenant and even if the Subtenant covenants to keep the Sublease in good standing and to attorn to the City.
9. **Further Cooperation.** Each party will do such acts and sign such documents as may be reasonably required to implement and give effect to the terms of this Agreement.
10. **Enurement.** This Agreement will enure to the benefit of and be binding on each of the parties and their respective successors and permitted assigns.
11. **Law.** This Agreement will be governed by the laws of British Columbia and the laws of Canada applicable to such province. The parties irrevocably attorn to the jurisdiction of the courts of British Columbia

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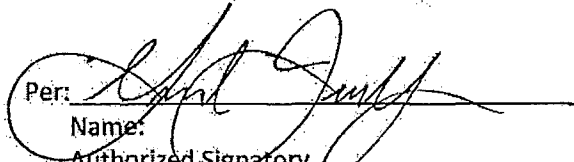
12. **Counterparts.** This Agreement may be signed in any number of counterparts. After each party has unconditionally delivered its signed counterpart page to the other parties, all of the signed counterpart pages taken together will be deemed to constitute one fully signed agreement. A signed counterpart page may be delivered by facsimile and will be treated by all parties as an original signed counterpart page.

AS EVIDENCE OF THEIR AGREEMENT to the above terms and conditions the authorized signatories of the parties have signed this Agreement.

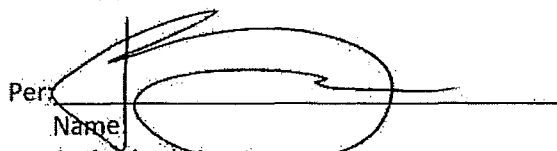
THE CITY OF VANCOUVER

Per: 
Name: _____
Authorized Signatory HEIDI GRANGER

MIMIC PERFORMANCE CAPTURE INC.

Per: 
Name: _____
Authorized Signatory

VANCOUVER FILM SCHOOL LIMITED

Per: 
Name: _____
Authorized Signatory