

ARTICLE IV

CONSTRUCTION OF BUILDINGS

Section 4.01 LESSEE to construct BUILDINGS

As part of the consideration for this lease the LESSEE covenants and agrees with the LESSOR to construct and complete the BUILDINGS expeditiously and in a good and workmanlike manner and in accordance with the drawings, elevations, specifications (including materials to be used), location, and exterior decoration and design as approved by the LESSOR and no changes shall be made by the LESSEE in the drawings, elevations, specifications (including materials to be used), location or exterior decoration and design as approved by the LESSOR or the use of the SAID LANDS as in this lease provided without the approval in writing of the LESSOR.

Section 4.02 Substantial completion of BUILDINGS

For the purposes of this Article IV the BUILDINGS shall be deemed to have been substantially completed when the ARCHITECT of the LESSEE has certified to the LESSOR that with respect to the BUILDINGS:

- (i) all work of a structural nature has been properly completed;
- (ii) all building equipment and services, including elevators (if any), heating systems and air-conditioning systems (if any), and utilities have been completed and are operating properly and available for use by tenants; all lobbies, stair wells and other areas intended for the common use of tenants are completed except for work of a superficial nature, which is both minor in character and of a type which, owing to the likelihood of damage is reasonably to be deferred until the BUILDINGS are partially or substantially occupied by tenants;
- (iii) all building by-laws and regulations of the City of Vancouver have been complied with by the LESSEE;

- (iv) all areas are clean and all surplus building material and rubbish removed;
- (v) the BUILDINGS have been completed and are in a condition in which they can be occupied by tenants, and any work that is still unfinished is such as can be completed promptly and is work to whose incompletion a reasonable tenant would not object unless agreement has been reached between a purchaser of a STRATA LOT or proposed STRATA LOT and the LESSEE whereby the interior of the premises constructed or to be constructed in or on such STRATA LOT or proposed STRATA LOT is to be completed by the purchaser, in which event such premises need not be in a condition in which they can be occupied by a tenant;
- (vi) the BUILDINGS have been constructed in all respects in a good and workmanlike manner and in accordance with the drawings, elevations and specifications (including materials to be used), location and the exterior decoration and design as approved by the LESSOR.

Section 4.03 Fire and Liability Insurance  
during construction of BUILDINGS

- (a) The LESSEE shall effect or shall cause its contractor or contractors to effect prior to the commencement of construction of the BUILDINGS, or any of them, and shall maintain and keep in force until the insurance required under Article VIII shall have been effected, insurance:
  - (i) protecting both the LESSEE and the LESSOR (without any rights of cross claim or subrogation against the LESSOR) against claims for personal injury, death or property damage or other third party or public liability claims arising from any accident or occurrence upon, in or about the SAID LANDS and from any cause, including the risks occasioned by the construction of the BUILDINGS, and to an amount reasonably satisfactory

to the LESSOR for any personal injury, death, property or other claims in respect of any one accident or occurrence; and

- (ii) protecting both the LESSEE and the LESSOR from loss or damage (without any rights of cross claim or subrogation against the LESSOR) to the BUILDINGS and all fixtures, equipment, improvements and building materials on the SAID LANDS from time to time both during and after construction (but which may be by policies effected from time to time covering the risk during different phases of construction of the BUILDINGS) against fire, earthquake and all other perils from time to time customarily included in the usual all risks builders' risk form of policy applicable to similar properties during construction and effected in the Province of British Columbia by prudent owners, and such other perils as the LESSOR may reasonably require to be insured against to the full insurable value thereof at all times and in any event in the amount sufficient to prevent the LESSOR or the LESSEE being deemed a co-insurer.
- (b) The proceeds of insurance which may become payable under any policy of insurance effected pursuant to this section 4.03 shall be payable to a trustee acceptable to the LESSOR and shall be available to finance repair and reconstruction.
- (c) All the provisions of Article VIII respecting insurance which are of general application shall apply to the insurance during construction of the BUILDINGS required by this section 4.03.

ARTICLE VUSE OF BUILDINGSSection 5.01 Use of BUILDINGS

The LESSEE covenants and agrees with the LESSOR that neither the SAID LANDS nor the BUILDINGS nor any part of the SAID LANDS or the BUILDINGS shall be used for any purposes except that of self-contained residential accommodation together with other facilities ancillary thereto and connected therewith as set forth in the DEVELOPMENT PERMIT, subject always to By-law No. 3575, being the Zoning and Development By-law of the City of Vancouver, By-law No. 4783, being a Zoning Amendment By-law, By-law No. 4812, being an Official Development Plan By-law and By-law No. 4815, being a by-law to adopt a Local Area Development Plan and any and all subsequent amendments to such by-laws and any development permits, building permits and other permits issued in respect of the SAID LANDS and BUILDINGS from time to time pursuant to the Vancouver Charter or any other statutory authority or any by-laws, resolutions or regulations of the City of Vancouver.



ARTICLE VI

PROVISION OF ADDITIONAL PUBLIC VEHICULAR  
TRANSPORTATION

Section 6.01 Provision of additional public  
vehicular transportation

The LESSEE covenants and agrees with the LESSOR that if in the reasonable opinion of the LESSOR the public transit system in the City of Vancouver does not from time to time during the TERM adequately serve those persons who occupy that area (in this section 6.01 referred to as the "Area") of the City of Vancouver bounded on the west by the northerly projection of the easterly boundary of Birch Street, on the south by the northerly boundary of Sixth Avenue, on the east by the northerly projection of the westerly boundary of Ash Street and on the north by False Creek and as a result, the LESSOR deems it necessary to provide or cause the provision of additional public vehicular transportation to connect with the then existing transit system in order to more adequately serve such persons, then a fair and equitable portion of any and all costs and expenses incurred by the LESSOR in providing or causing the provision of such additional public vehicular transportation as determined by the City of Vancouver shall be reimbursed to the LESSOR by the LESSEE. It is understood and agreed between the parties that the portion of the costs and expenses of such additional public vehicular transportation assessed against the LESSEE under this section 6.01 shall be no greater than the portion of the costs and expenses therefor assessed against any other like organization with similar accommodation in the Area. If the LESSOR and the LESSEE are unable to agree on the portion of such costs and expenses to be assessed against the LESSEE, the LESSEE may appeal the matter to the City Council and the decision of the City Council as to the portion of such costs and expenses to be assessed against the LESSEE shall be final and binding upon the parties. If the LESSEE shall, following the final determination of the LESSEE's portion of the costs and expenses of such additional public vehicular transportation fail to reimburse or pay to the LESSOR the LESSEE's portion of such costs and expenses within thirty (30) days

after receipt from the LESSOR of a written account therefor, then the LESSEE's portion of such costs and expenses may be collected by the LESSOR as BASIC RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of rent in arrears.

ARTICLE VII

OPERATION OF BUILDINGS

Section 7.01 Operation of BUILDINGS

The LESSOR shall operate, manage and maintain the BUILDINGS or shall cause the BUILDINGS to be operated, managed and maintained in a good, efficient and businesslike manner and (in addition to performing all its other covenants under this lease) shall properly and adequately supervise the BUILDINGS, shall supply or cause to be supplied heat and other necessary building services to lessees and occupants whenever reasonably required, shall keep the BUILDINGS and the adjacent landscaping and all other improvements upon the SAID LANDS neat and clean, shall maintain the general appearance and standard of the BUILDINGS, shall generally manage the BUILDINGS as would a prudent owner, and shall provide all necessary security services.



ARTICLE VIII

INSURANCE

Section 8.01 Insurance

At all times during the TERM immediately following the substantial completion of construction of the BUILDINGS, in accordance with the provisions of section 4.02, the LESSEE shall at no expense to the LESSOR insure and keep insured or cause to be insured the BUILDINGS in one or more companies entitled to do business in the Province of British Columbia against loss or damage by fire and other perils now or hereafter from time to time embraced by or defined in the commercial building form of insurance coverage applicable to similar properties as the SAID LANDS and the BUILDINGS and effected in the Province of British Columbia by prudent owners from time to time during the TERM including, without restricting the generality of the foregoing, the hazards of lightning, earthquake, explosion, wind storm, cyclone, tornado, hail, riot, civil commotion, malicious damage, aircraft, smoke and vehicle damage to the extent that insurance against such risk or perils, or any of them, may be obtained in an amount equal to the full replacement value thereof and in addition thereto the LESSEE shall at no expense to the LESSOR insure and keep insured the BUILDINGS against all other risks required to be insured against under the provisions of any MORTGAGE to the extent that insurance against such risk or perils or any of them may be obtained.

Section 8.02 Pressure Vessel Insurance

At all times during the TERM immediately following the substantial completion of the construction of the BUILDINGS, in accordance with the provisions of section 4.02, the LESSEE shall at no expense to the LESSOR maintain in respect of the BUILDINGS pressure vessel insurance with one or more companies entitled to do business in the Province of British Columbia protecting the LESSOR and the LESSEE in respect of all boilers and such other pressure vessels as the LESSEE may from time to time deem it necessary to insure in amounts to be designated by the LESSEE and approved by the LESSOR,



such approval not to be unreasonably withheld; such insurance shall also cover loss or damage caused by rupture of steam pipes.

#### Section 8.03 Deductible Amounts

Any of the policies of insurance referred to in Section 4.03, 8.01 or 8.02 hereof may, with the approval of the LESSOR, which approval shall not be unreasonably withheld, provide that the amount payable in the event of any loss shall be reduced by a deductible amount, such amount to be designated by the LESSEE and approved by the LESSOR, such approval not to be unreasonably withheld, and the LESSEE shall be a co-insurer to the extent of the amount so deducted from the insurance monies paid in the event of any loss, and the said amount shall, for the purpose of section 8.07 hereof, be included as part of the insurance monies payable and paid.

#### Section 8.04 Co-insurance Clauses

If any of the policies of insurance referred to in section 4.03, 8.01 or 8.02 hereof shall contain any co-insurance clauses, the LESSEE shall maintain at all times a sufficient amount of insurance to meet the requirements of such co-insurance clause so as to prevent the LESSOR or the LESSEE from becoming a co-insurer under the terms of such policy or policies and to permit full recovery in the event of loss.

#### Section 8.05 Identity of Insured

Any and all policies of insurance referred to in section 4.03, 8.01 or 8.02 hereof shall be written in the name of the LESSEE and the LESSOR as the insureds with loss payable to the LESSOR, the LESSEE and the MORTGAGEE, if any, as their respective interests may appear, and shall contain a waiver of subrogation clause to the effect that any release from liability entered into by the LESSEE prior to any loss, shall not affect the right of the LESSEE or the LESSOR to recover. Each policy of insurance referred to in sections

4.03, 8.01 and 8.02 hereof shall contain a provision or shall bear an endorsement that the insurer will not cancel such policy without first giving the LESSOR at least fifteen (15) days' notice in writing of its intention to cancel.

Section 8.06 Release of LESSOR from liability  
for insured loss or damage

The LESSEE hereby releases the LESSOR, its successors and assigns, from any and all liability for loss or damage caused by any of the perils against which the LESSEE shall have insured or pursuant to the terms of this lease is obligated to insure the BUILDINGS, or any part or parts thereof, and whether or not such loss or damage may have arisen out of the negligence of the LESSOR and the LESSEE hereby covenants to indemnify and save harmless the LESSOR from and against all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to such insured loss or damage.

Section 8.07 Payment of Loss under the Insurance Policies  
referred to in sections 8.01 and 8.02

The insurance monies payable under any or all of the policies of insurance referred to in section 8.01, 8.02 or 8.12 hereof, shall, if the total of such insurance monies exceeds \$10,000.00 and, notwithstanding the terms of the policy or policies, be paid to the TRUSTEE on behalf of the LESSOR, the LESSEE and the MORTGAGEE, if any.

The LESSOR and the LESSEE agree that the TRUSTEE shall use such insurance monies for the restoration, reconstruction or replacement of the loss or damage in respect of which such insurance monies are payable hereunder against certificates of the architect engaged by the LESSEE or such other person as the LESSOR and the LESSEE may agree upon who is in charge of such restoration, reconstruction or replacement. Should the LESSEE fail to effect the restoration, reconstruction or replacement of the loss or damage in respect of which the insurance monies are payable, without unreasonable delay, the LESSOR shall be entitled to effect such restoration,



reconstruction or replacement and the TRUSTEE to whom such insurance monies are payable shall pay or cause to be paid to the LESSOR such insurance monies in the same manner the TRUSTEE would have done had the LESSEE effected such restoration, reconstruction or replacement.

Section 8.08 Workers' Compensation Coverage

At all times during the TERM, the LESSEE shall at its own expense procure and carry or cause to be procured and carried and paid for full workers' compensation coverage in respect of all workmen, employees, servants and others engaged in or upon any work, non-payment of which would create a lien on the SAID LANDS or the BUILDINGS.

Section 8.09 Comprehensive General Liability

At all times during the TERM, the LESSEE shall at the expense of the LESSEE maintain in one or more companies duly authorized to carry on business within the Province of British Columbia, comprehensive general liability insurance against claims for personal injury, death or property damage or loss arising out of the use and occupation of the premises demised by this lease, indemnifying and protecting the LESSOR and the LESSEE to limits from time to time on a reasonable basis which is approved by the LESSOR, such approval not to be unreasonably withheld.

Section 8.10 Payment of Insurance Premiums

The LESSEE shall pay or cause to be paid all the premiums under the policies of insurance referred to in this Article VIII as they become due and payable and in default of payment by the LESSEE, the LESSOR may pay the same and add the amount so paid to the BASIC RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of BASIC RENT as now in arrears.

Section 8.11 Copies of Insurance Policies

The LESSEE shall deliver or cause to be delivered to the LESSOR certified copies of all policies of insurance referred to in this Article VIII and obtained and maintained by the LESSEE hereunder, accompanied by evidence satisfactory to the LESSOR that the premiums thereon have been paid.

Section 8.12 Insurance may be maintained by LESSOR

The LESSOR and the LESSEE agree that should the LESSEE at any time during the TERM fail to insure or keep insured the BUILDING against loss or damage by fire and other perils as required under section 8.01 or fail to maintain in respect of the BUILDINGS, pressure vessel insurance as required under section 8.02, or fail to maintain insurance against claims for personal injury, death or property damage or loss as required under section 8.09, then in any of such events, the LESSOR, although not obliged to do so, may obtain and maintain such insurance in such amount or amounts with such deductible amounts and for such period or periods of time as the LESSOR deems advisable; and the LESSEE shall pay to the LESSOR as ADDITIONAL RENT upon the LESSOR obtaining any of such insurance and thereafter annually during the TERM within thirty (30) days after receipt of any invoice from the LESSOR such amount as, at the rates charged by the insurance companies with whom the LESSOR has placed such insurance, will pay all premiums therefor. The LESSOR shall submit to the LESSEE annually a statement of the amount or amounts payable by the LESSEE under this section 8.12 as the cost of such insurance for the next ensuing year and upon receipt of payment therefor shall apply the same on account of the premiums of such insurance with the loss, if any, thereunder payable to the LESSOR, the LESSEE and any MORTGAGEE as their interests may appear.



ARTICLE IX

REPAIRS AND MAINTENANCE

Section 9.01 LESSOR not obliged to repair

The LESSOR shall not be obliged to furnish any services or facilities or to make repairs or alterations in or to the SAID LANDS or the BUILDINGS, the LESSEE hereby assuming the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the SAID LANDS and the BUILDINGS.

Section 9.02 Repair to BUILDINGS

The LESSEE at the LESSEE's cost and expense shall during the TERM, put and keep in good order and condition or shall cause to be put and kept in good order and condition the SAID LANDS and the BUILDINGS, and the appurtenances and equipment thereof, both inside and outside, including, but not limited to fixtures, walls, foundations, roofs, vaults, elevators, if any, and similar devices, heating and air conditioning equipment, sidewalks, yards and other like area, water and sewer mains and connections, water, steam, and gas pipes and electric wires, ducts and conduits, and all other fixtures in and appurtenances to the SAID LANDS and the BUILDINGS and machinery and equipment used or required in the operation thereof, whether or not enumerated herein, and shall, in the same manner and to the same extent as a prudent owner, make any and all necessary repairs, replacements, alterations, additions, changes, substitutions and improvements, ordinary or extraordinary, foreseen or unforeseen, structural or otherwise, and keep the BUILDINGS and aforesaid fixtures, appurtenances and equipment fully usable for all the purposes for which the BUILDINGS were erected and constructed and the aforesaid fixtures, appurtenances and equipment were supplied and installed reasonable wear and tear excepted so long as the reasonable wear and tear does not affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS. Such repairs shall be in all respects to a standard at least substantially equal in quality of

material and workmanship to the original work and material in the BUILDINGS and shall meet the requirements of municipal, provincial, federal, regional, school and other governmental authorities. The LESSEE shall not commit or suffer waste or injury to the SAID LANDS or the BUILDINGS or any part thereof, and shall not use or occupy or permit to be used or occupied the SAID LANDS or the BUILDINGS or any part thereof for any illegal or unlawful purpose, or in any manner which will result in the cancellation of any insurance, or in the refusal of any insurer to issue any insurance as requested. The LESSEE shall at all times at the LESSEE's expense except to the extent that it may be relieved therefrom by municipal by-laws or regulations, keep the sidewalks, curbs, alleyways and rights-of-way forming part of or adjacent to the SAID LANDS in good condition and repair and reasonably clean from rubbish, ice and snow and shall not encumber or obstruct the same or allow the same to be encumbered or obstructed in any manner; and shall not injure or disfigure the SAID LANDS or the BUILDINGS or permit the same to be injured or disfigured in any way; and at the expiration or other termination of this lease, the LESSEE shall, except as otherwise expressly provided herein, surrender and deliver up the SAID LANDS with the BUILDINGS, and the aforesaid fixtures, appurtenances and equipment thereof, or any replacements thereof or substitutions therefor, in good order and condition save as aforesaid. The LESSEE agrees not to call upon the LESSOR at any time during the TERM to make any repairs or replacements of any part of the BUILDINGS, or any alteration, addition, change, substitution or improvement thereof or thereto, whether structural or otherwise, this being a net lease. The LESSEE accepts the SAID LANDS "as is", knowing the condition thereof, and agreeing that the LESSOR has made no representation, warranty or agreement with respect thereto.

Section 9.03 Repair to BUILDINGS by LESSOR

The LESSOR covenants and agrees with the LESSEE that if the LESSEE does not put and keep in good order and condition or cause to be put and kept in good order and condition the SAID LANDS and the BUILDINGS and the appurtenances and equipment thereof, both inside and outside, all as more particularly required by the provisions of section 9.02, the



LESSOR through its agents, servants, contractors and sub-contractors, although not obliged to do so, may enter upon those parts of the SAID LANDS and the BUILDINGS required for the purpose of making any and all necessary repairs, replacements, alterations, additions, changes, substitutions and improvements to the same in order to comply with section 2.02; provided that the LESSOR will make such repairs, replacements, alterations, additions, changes, substitutions and improvements to the BUILDINGS or part or parts thereof only after giving the LESSEE sixty (60) days' written notice of its intention so to do, except in the case of an emergency. Any amount paid by the LESSOR in making such repairs, replacements, alterations, additions, changes, substitutions or improvements to the SAID LANDS and BUILDINGS or any part or parts thereof, together with all costs and expenses of the LESSOR shall be reimbursed to the LESSOR by the LESSEE on demand together with interest at the rate of three per cent (3%) above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver per annum from the date incurred until paid and may be recovered by the LESSOR as BASIC RENT.

Section 9.04 Removal of Ice and Snow from Sidewalks

The LESSEE covenants and agrees with the LESSOR that if the LESSEE at any time during the TERM fails to keep the public sidewalk adjacent to the SAID LANDS reasonably clean from ice and snow in accordance with section 9.02 during the times and to the extent required of an owner under the provisions of the City of Vancouver Street and Traffic By-law and amendments thereto, the LESSOR through its agents, servants, contractors and subcontractors may remove such ice and snow and the LESSOR shall not be required to give the LESSEE any notice of its intention so to do. Any costs and expenses incurred by the LESSOR in removing such ice and snow shall be reimbursed to the LESSOR by the LESSEE on demand together with interest at the rate of three per cent (3%) per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver from the date incurred until paid and may be recovered by the LESSOR as BASIC RENT.

Section 9.05 Repairs to BUILDINGS which may adversely  
affect COMMERCIAL DEVELOPMENT

Notwithstanding anything contained in this lease, other than in circumstances which in the reasonable opinion of the LESSEE require emergency action the LESSEE covenants and agrees with the LESSOR that before commencing any repairs or alterations to the BUILDINGS which adversely affect or could adversely affect the COMMERCIAL DEVELOPMENT or any part thereof or could materially adversely affect the operation of the COMMERCIAL DEVELOPMENT or any part thereof, the LESSEE shall obtain the written approval thereto of the LESSOR, such approval of the LESSOR not to be unreasonably withheld and for such purpose the LESSEE will at its own expense prepare and file with the LESSOR a reasonably detailed statement of the repairs or alterations to be undertaken by the LESSEE sufficient to enable the LESSOR to assess the extent of the adverse or potentially adverse effect of such repairs or alterations upon the COMMERCIAL DEVELOPMENT or any part thereof or upon the operation of the COMMERCIAL DEVELOPMENT.



ARTICLE X

DAMAGE OR DESTRUCTION

Section 10.01 Rent not to abate

The partial destruction or damage or complete destruction by fire or other casualty of the BUILDINGS shall not terminate this lease or entitle the LESSEE to surrender possession of the SAID LANDS or the BUILDINGS or to demand any abatement or reduction of the BASIC RENT or ADDITIONAL RENT or other charges payable under this lease, any law or statute now or in the future to the contrary notwithstanding.

Section 10.02 LESSEE's obligations when BUILDINGS damaged or partially destroyed

The LESSEE covenants and agrees with the LESSOR that in the event of damage to or partial destruction of the BUILDINGS the LESSEE shall either (a) replace any part of the BUILDINGS destroyed with a new structure in accordance with any agreement which may be made by the LESSEE with the LESSOR, or (b) repair or replace such damage or destruction, in the absence of any such agreement.

Section 10.03 LESSEE's obligations when BUILDINGS completely or substantially destroyed

The LESSEE covenants and agrees with the LESSOR that in the event of complete or substantially complete destruction of the BUILDINGS the LESSEE shall either (a) reconstruct or replace the BUILDINGS with a new structure or structures in accordance with any agreement which may be made by the LESSEE with the LESSOR, or (b) in the absence of any such agreement, replace the BUILDINGS with a new structure or structures comparable to the structure or structures being replaced.

Section 10.04 Replacement, repair or reconstruction under section 10.02 or 10.03 to be carried out in compliance with sections 9.02 and 11.01

Any replacement, repair or reconstruction of the

BUILDINGS or any part thereof pursuant to the provisions of section 10.02 or 10.03 hereof shall be made or done in compliance with the provisions of sections 9.02 and 11.01 hereof.

Section 10.05 Restoration, Reconstruction or Replacement  
of BUILDINGS where damage or destruction  
adversely affects the COMMERCIAL DEVELOPMENT

It is acknowledged by the parties hereto that damage or destruction to all or any part of the BUILDINGS may adversely affect the COMMERCIAL DEVELOPMENT or any part thereof or the operation of the COMMERCIAL DEVELOPMENT or any part thereof, therefore, and notwithstanding anything contained in this lease, the LESSEE covenants and agrees with the LESSOR, so far as it is legally possible, to take out and keep in force during the TERM a policy or policies of insurance jointly with the lessees of or strata corporations representing the COMMERCIAL DEVELOPMENT, insuring the BUILDINGS and the COMMERCIAL DEVELOPMENT against loss or damage by fire and other perils as required under section 8.01 and in the event of damage or destruction which affects all or any part of the BUILDINGS and all or any part of the structures forming the COMMERCIAL DEVELOPMENT or any combination of them to join and cooperate with the lessees of or strata corporations representing the COMMERCIAL DEVELOPMENT and cause to be restored, reconstructed or replaced the BUILDINGS and the structures forming the COMMERCIAL DEVELOPMENT so damaged or destroyed as one coordinated restoration, reconstruction or replacement.

ARTICLE XI

REPLACEMENTS, CHANGES, ALTERATIONS  
AND SUBSTITUTIONS

Section 11.01

Except as hereinafter expressly provided and subject to section 9.05, apart from the initial erection and construction of the BUILDINGS and minor repairs, the LESSEE shall not make or permit to be made any repairs, replacements, changes, alterations, substitutions or improvements affecting the structure of the BUILDINGS or the exterior appearance of the BUILDINGS without first obtaining the written approval of the LESSOR thereto, which approval the LESSOR agrees not to withhold unreasonably, provided that the LESSEE has fully complied with the terms, covenants and conditions of this lease. Before requesting the LESSOR's approval, the LESSEE shall submit or cause to be submitted to the LESSOR drawings, elevations (where applicable) specifications (including the materials to be used), locations (where applicable) and exterior decoration and design of the proposed repairs, replacements, changes, alterations, substitutions or improvements.

The LESSEE covenants and agrees with the LESSOR that, subject to Article VII, all repairs, replacements, changes, alterations, substitutions or improvements undertaken by or for the LESSEE once begun shall be prosecuted with due diligence to completion, free and clear of any and all mechanics' liens, or other liens, conditional sales contracts, chattel mortgages or similar claims or encumbrances against the SAID LANDS, the BUILDINGS or the LESSOR and be performed in all respects in accordance with the law. All repairs, replacements, changes, alterations, substitutions or improvements shall meet the requirements of all municipal, provincial, federal, regional, school and other governmental authorities.



ARTICLE XII

UNAVOIDABLE DELAYS

Section 12.01

If, by reason of strike, lock-out or other labour dispute, material or labour shortage not within the control of the LESSEE, fire or explosion, flood, wind, water, earthquake, act of God or other similar circumstances beyond the reasonable control of the LESSEE and not avoidable by the exercise of reasonable effort or foresight by the LESSEE, the LESSEE is, in good faith and without default or neglect on its part, prevented or delayed in the substantial completion of the BUILDINGS or repair of the BUILDINGS or any part or parts of them which under the terms of this lease the LESSEE is required to do by a specified date or within a specified time, the date or period of time within which the work was to have been completed shall be extended by the LESSOR by a reasonable period of time at least equal to that of such delay or prevention and the LESSEE shall not be deemed to be in default if it performs and completes the work in the manner required by the terms of this lease within such extended period of time, or within such further extended period of time as may be agreed upon from time to time between the LESSOR and the LESSEE.



ARTICLE XIII

MECHANICS' LIENS

Section 13.01

The LESSEE shall, throughout the TERM at its own cost and expense, cause any and all mechanics' liens and other liens for labour, services or materials alleged to have been furnished with respect to the SAID LANDS or the BUILDINGS which may be registered against or otherwise affect the SAID LANDS or the BUILDINGS to be paid, satisfied, released or vacated within forty-two (42) days after the LESSOR shall send to the LESSEE written notice by registered mail of any claim for any such lien, PROVIDED HOWEVER, that in the event of a bona fide dispute by the LESSEE of the validity or correctness of any claim for any such lien, the LESSEE shall not be bound by the foregoing but shall be entitled to defend against the same in any proceedings brought in respect thereof after first paying into Court the amount claimed or sufficient security therefor and such costs as the Court may direct and registering all such documents as may be necessary to cancel such lien, or providing such other security in respect of such claim as the LESSOR may in writing approve.

ARTICLE XIVINSPECTION AND EXHIBITION BY LESSORSection 14.01 Inspection by LESSOR

The LESSOR and the LESSEE agree that it shall be lawful for a representative of the LESSOR at all reasonable times during the TERM to enter the SAID LANDS and the BUILDINGS, or any of them, and to examine the condition thereof; and, further, that all wants of reparation as required by section 2.02 which upon such views shall be found, and for the amendment of which notice shall be delivered or given by the LESSOR to the LESSEE, the LESSEE shall within sixty (60) days after every such notice or such longer period as provided in subsection (a) of section 21.02 well and sufficiently repair and make good accordingly.

Section 14.02 Exhibition by LESSOR

During the final twelve (12) months of the TERM, the LESSOR shall be entitled to display upon the SAID LANDS the usual signs advertising the SAID LANDS and BUILDINGS as being available for purchase or letting, provided such signs are displayed in such a manner as not to interfere unreasonably with the LESSEE's use and enjoyment of the SAID LANDS and the BUILDINGS.

ARTICLE XV

OBSERVANCE OF GOVERNMENTAL  
REGULATIONS ETC.

Section 15.01

The LESSEE covenants with the LESSOR that throughout the TERM the LESSEE will comply with all provisions of law including without limitation, municipal, regional, provincial and federal legislative enactments, zoning and building by-laws, and any municipal, regional, provincial, federal or other governmental regulations which relate to the construction and erection of the BUILDINGS, to the equipment, maintenance, operation and use of the BUILDINGS, and to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the BUILDINGS or any part thereof. The LESSEE covenants to comply with all police, fire and sanitary regulations imposed by any municipal, regional, provincial, federal or other governmental authorities and to observe and obey all municipal, regional, provincial, federal and other governmental regulations and other legal requirements governing the use and occupation of the SAID LANDS or the BUILDINGS.



ARTICLE XVIRIGHTS OF LESSOR AND LESSEESection 16.01

All rights and benefits and all obligations of the LESSOR and the LESSEE under this lease shall be rights, benefits and obligations of the LESSOR and the LESSEE respectively in their capacities as lessor and lessee respectively under this lease.

ARTICLE XVII

INDEMNITY

Section 17.01 Breach, Violation or Non-performance  
of covenants by LESSEE

The LESSEE shall indemnify and save harmless the LESSOR from any and all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of any breach, violation or non-performance of any covenant, condition or agreement in this lease set forth and contained on the part of the LESSEE to be fulfilled, kept, observed or performed.

Section 17.02 Injury, Damage or loss of property

Notwithstanding the provisions of Article VIII hereof, the LESSEE shall indemnify and save harmless the LESSOR from any and all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of:

- (a) any injury to person or persons, including death resulting at any time therefrom, occurring in or about the SAID LANDS or the BUILDINGS; and
- (b) any damage to or loss of property occasioned by the use and occupation of the SAID LANDS or the BUILDINGS.

PROVIDED HOWEVER, that except as otherwise provided in section 3.05 nothing contained herein shall require the LESSEE to indemnify the LESSOR against any action, causes of action, suits, claims or demands for damages arising out of the wilful or negligent acts or omissions of the LESSOR, its servants, agents or contractors.

Section 17.03 Indemnification survives  
termination of lease

The obligations of the LESSEE to indemnify the LESSOR

under the provisions of sections 3.01, 3.04, 3.05, 8.06,  
17.01 and 17.02 hereof with respect to liability by reason  
of any matter arising during the TERM shall survive any  
termination of this lease, anything in this lease to the  
contrary notwithstanding.



ARTICLE XVIII

SUBLETTING AND ASSIGNING

Section 18.01 Subletting by LESSEE

Save as expressly provided in section 18.03, the LESSEE shall not, nor will during the TERM, sublease the SAID LANDS, or any part thereof or any structure or any part of any structure erected thereon, to any person, persons or corporation whatsoever, without the consent in writing of the LESSOR, which consent the LESSOR shall not unreasonably withhold; PROVIDED HOWEVER that:

- (i) the LESSEE may from time to time without the consent of the LESSOR enter into subleases with lessees or occupants of the dwelling units in the BUILDINGS comprising in every case part or parts (but not the whole) of the BUILDINGS, such dwelling units to be used by the lessees or occupants for residential purposes only;
- (ii) If requested by the LESSOR, a copy of any or all subleases shall be forwarded to the LESSOR within thirty (30) days of the conclusion of each transaction together with particulars of registration (if any) in the Vancouver Land Registry Office.

Section 18.02 Assignment by LESSEE

Save as expressly provided in section 18.03, the LESSEE shall not, nor will during the TERM, assign, transfer or sell or otherwise, by any act or deed, procure the SAID LANDS or BUILDINGS, or any of them, or this lease, to be assigned, transferred or sold to any person, persons or corporation whatsoever without the consent in writing of the LESSOR first had and obtained, which consent the LESSOR shall not unreasonably withhold. If requested by the LESSOR, a copy of any or all assignments, transfers or sales shall be furnished to the LESSOR within thirty (30) days of the conclusion of each transaction together with particulars of registration in the Vancouver Land Registry Office.

Section 18.03 Mortgaging by LESSEE

The LESSEE may mortgage its leasehold interest under this lease and its interest in the SAID LANDS and the BUILDINGS (for which purpose the LESSEE may assign or sublet by way of MORTGAGE) without the consent of the LESSOR for the purpose of financing and refinancing the cost of constructing the BUILDINGS but not otherwise, subject always to Article XIX.

Section 18.04 LESSEE to comply with all its obligations in respect of assignments, subleases, tenancies and MORTGAGES

The LESSEE shall observe and perform all its obligations incurred in respect of assignments, subleases, agreements for lease and MORTGAGE of its leasehold interest in the BUILDINGS, and shall not suffer or allow any such obligations to be in default, and if any such default shall occur the LESSOR may, but shall not be obliged to, rectify such default for the account of the LESSEE, and any amount paid by the LESSOR in so doing, together with all costs and expenses of the LESSOR, shall be reimbursed to the LESSOR by the LESSEE on demand together with interest at the rate of three percent (3%) per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver from the date incurred until paid - and may be recovered as if it were rent in arrears.

ARTICLE XIX

MORTGAGE

Section 19.01 LESSEE shall be liable for rent and  
taxes notwithstanding MORTGAGE

Nothing herein contained shall be construed to prevent or prohibit the assignment or subletting by the LESSEE of this lease or the leasehold interest of the LESSEE in any portion of the SAID LANDS and the BUILDINGS by way of MORTGAGE as provided in section 18.03 hereof, provided, however that in the event of and notwithstanding any such assignment or subletting the LESSEE shall be and remain liable for the payment of all BASIC RENT, ADDITIONAL RENT and taxes and the performance of all the terms, covenants and conditions of this lease.

Section 19.02 MORTGAGE subject to LESSOR's  
rights under lease

Subject to the provisions of section 21.02, every MORTGAGE shall be made expressly subject to the rights of the LESSOR under this lease.



ARTICLE XX

BANKRUPTCY OF LESSEE

Section 20.01

The parties agree subject to the provisions of section 21.03, that:

- (a) if the LESSEE shall make a general assignment for the benefit of creditors; or
- (b) if the LESSEE shall institute proceedings to subject itself to the Winding-up Act or to be adjudicated bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against the LESSEE or shall file an application or petition or answer or consent, seeking re-organization or re-adjustment of the indebtedness of the LESSEE under the Bankruptcy Act or the Companies' Creditors Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency or shall consent to the filing of any such application or petition or shall consent to the appointment of a receiver; or
- (c) if a receiver, interim receiver, trustee or liquidator of all or substantially all the property of the LESSEE shall be appointed or applied for by the LESSEE; or
- (d) if a judgment, decree or order shall be entered by a court of competent jurisdiction adjudging the LESSEE a bankrupt or insolvent or subject to the provisions of the Winding-Up Act or Bankruptcy Act or determining that proceedings for re-organization, arrangement, adjustment, composition, liquidation, dissolution or winding-up or any similar relief under the Bankruptcy Act or the Companies' Creditors Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency have been properly instituted otherwise than by the LESSEE, provided that such judgment, decree or order is not in good faith contested by the LESSEE;



then the liquidator, custodian or trustee shall have the right to disclaim this lease or to hold and retain the SAID LANDS and the BUILDINGS for a period not exceeding six (6) months from the effective date of any such receiving order, assignment, judgment, decree, order or the commencement of dissolution or winding-up, as the case may be, or until the expiration of the TERM, whichever first happens on the same terms and conditions as the LESSEE might have held the SAID LANDS and the BUILDINGS had no such receiving order, assignment, judgment, decree or order been made or dissolution or winding-up commenced and if he holds and retains the SAID LANDS and the BUILDINGS as aforesaid the liquidator, custodian or trustee shall during the said period either:

- (i) surrender possession at any time and the TERM shall thereupon terminate; or
- (ii) upon approval of the Court as hereinafter provided, sell, transfer or otherwise dispose of all the interest of the LESSEE in this lease and the SAID LANDS and the BUILDINGS for the remainder of the TERM or any part thereof and all the rights of the LESSEE hereunder to as full an extent as could have been done by the LESSEE had no such receiving order, assignment, judgment, decree or order been made or dissolution or winding-up commenced notwithstanding anything to the contrary in Article XVIII contained and the provisions of all terms, covenants and conditions in Article XVIII hereof contained shall be of no force or effect in the case of any such sale, transfer or disposal if the Supreme Court of British Columbia upon the application of such liquidator, custodian or trustee and after fourteen (14) days' written notice of such application to the LESSOR, approves such sale, transfer or disposition, but before the person to whom all interest of the LESSEE in this lease and the SAID LANDS and the BUILDINGS are sold, transferred or disposed is permitted to go into occupation or to take the benefit of the LESSEE's interest in this lease and the SAID LANDS and the BUILDINGS, he shall deposit with the LESSOR a sum equal to three (3) months' BASIC RENT and ADDITIONAL RENT, if any, as security to the LESSOR that such person will observe and perform the terms hereof; or



(iii) continue as tenant for the balance of the TERM remaining provided that such liquidator, custodian or trustee attorns as tenant to the LESSOR and undertakes to be bound by and to perform the covenants and agreements of this lease.

Section 20.02

The LESSOR and LESSEE agree that,

- (a) Should the liquidator, custodian or trustee at any time before or after taking possession, disclaim this lease or surrender possession to the LESSOR, his liability and the liability of the estate of the LESSEE and of the LESSEE for payment of BASIC RENT together with ADDITIONAL RENT is limited to the period of time during which the liquidator, custodian or trustee remains in possession of the SAID LANDS and the BUILDINGS for the purposes of the trust estate, together with BASIC RENT for the three (3) months next ensuing after the date of disclaimer or surrender of possession by such liquidator, custodian or trustee, whichever last occurs. And if the liquidator, custodian or trustee disclaims this lease or surrenders possession the LESSOR or the LESSOR's agents or employees authorized by the LESSOR may immediately or at any time thereafter re-enter the SAID LANDS and the BUILDINGS without being liable for any prosecution or damages therefor, and may repossess and enjoy the SAID LANDS and the BUILDINGS and all fixtures and improvements therein and thereon, except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants and which are not part of the BUILDINGS or the SAID LANDS and such liquidator, custodian or trustee shall execute a surrender or assignment to the LESSOR in registrable form.
- (b) Entry into possession of the SAID LANDS and the BUILDINGS by the liquidator, custodian or trustee and its occupation by him while required for the purposes of the performance of his duties in his office shall not be deemed to be



evidence of an intention on his part to retain the SAID LANDS and the BUILDINGS, nor affect his right to disclaim or to surrender possession pursuant to the provisions of item (i) of section 20.01.

- (c) If after occupation of the SAID LANDS and the BUILDINGS, the liquidator, custodian or trustee elects to retain it and thereafter sells, transfers or otherwise disposes of the lease, the SAID LANDS and the BUILDINGS and all interests and rights of the LESSEE therein and hereunder to a person approved by the Court as by item (ii) of section 20.01 provided, his liability and the liability of the LESSEE and his estate for the payment of BASIC RENT together with ADDITIONAL RENT, if any, is limited to the period of time during which he remains in possession of the SAID LANDS and the BUILDINGS.

Section 20.03

The liquidator, custodian or trustee shall pay to the LESSOR for the period during which the liquidator, custodian or trustee actually occupies the SAID LANDS and the BUILDINGS pursuant to section 20.01 hereof the BASIC RENT together with ADDITIONAL RENT calculated on the basis of this lease and payable in accordance with the terms hereof.

ARTICLE XXIDEFAULT BY LESSEESection 21.01 Re-entry on certain defaults by LESSEE

The LESSOR and the LESSEE agree that subject to the provisions of section 21.03, if

- (a) the LESSEE shall default in payment of BASIC RENT or ADDITIONAL RENT or taxes, and such default shall continue for a period of thirty (30) days after written notice of intention to terminate this lease by reason of such default shall have been given by the LESSOR to the LESSEE; or
- (b) this lease shall expire or be forfeited or voluntarily surrendered by the LESSEE.

the LESSOR or the LESSOR's agents or employees authorized by the LESSOR may immediately or at any time thereafter re-enter the SAID LANDS and the BUILDINGS without being liable to any prosecution or damages therefor and may repossess and enjoy the SAID LANDS, the BUILDINGS and all fixtures and improvements on the SAID LANDS except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the BUILDINGS or the SAID LANDS, as liquidated damages, without such re-entry and repossession working a forfeiture or waiver of the rents to be paid and the covenants to be performed by the LESSEE up to the date of such re-entry and repossession.

Section 21.02 Forfeiture on certain other defaults by LESSEE

The LESSOR and the LESSEE agree that, subject to the provisions of section 21.03, if

- (a) the LESSEE shall default in performing or observing any of its covenants or obligations under this lease (other than those referred to in section 20.01) and the LESSOR shall have given to the LESSEE notice of such default

and at the expiration of sixty (60) days after the giving of such notice the default shall continue to exist or, in the case of a default which cannot with due diligence be cured within the period of sixty (60) days aforesaid, the LESSEE fails to proceed promptly after the giving of such notice to cure such default; and

- (b) the LESSOR desires to re-enter the SAID LANDS and to repossess and enjoy the SAID LANDS and the BUILDINGS and all fixtures and improvements thereon, except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the SAID LANDS and the BUILDINGS,

the LESSOR shall unless the LESSEE voluntarily surrenders the SAID LANDS and the BUILDINGS to the LESSOR, apply to the Supreme Court of British Columbia, upon not less than fourteen (14) days' notice to all persons interested in the SAID LANDS and the BUILDINGS, for an Order that, either:

- (i) the interest of the LESSEE in this lease and the SAID LANDS and the BUILDINGS for the remainder of the TERM and all the rights of the LESSEE hereunder be sold by public auction or private sale on such terms and conditions as the Court deems fair and equitable in the circumstances, the proceeds therefrom to be distributed, after all BASIC RENT, ADDITIONAL RENT, taxes and other money due to the LESSOR hereunder is paid to the LESSOR, in accordance with the priorities of the persons interested as aforesaid as ascertained by the Court upon enquiry or reference; or
- (ii) the LESSOR or the LESSOR's agents or employees be authorized to re-enter the SAID LANDS and the BUILDINGS without being liable to any prosecution or damages therefor, and repossess and enjoy the SAID LANDS and the BUILDINGS and all fixtures and improvements therein or thereon, except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the BUILDINGS or the



SAID LANDS, as liquidated damages, without such re-entry and repossession working a forfeiture or waiver of the BASIC RENT, ADDITIONAL RENT, taxes and other money to be paid and the covenants to be performed by the LESSEE up to the date of such re-entry and repossession; and

in ordering such sale or re-entry, the Court may direct the Registrar to cancel the LESSOR's interest in the SAID LANDS and the BUILDINGS, the registration thereof, and any certificate of title and issue a new or replacement certificate in the name of the LESSOR or the purchaser, as the case may be, free and clear of and from all liens, charges and encumbrances whatsoever. The LESSOR shall not be responsible for any loss to any such person interested which may arise by reason of any such sale or re-entry unless the same occurs by reason of the wilful neglect or default of the LESSOR.

Section 21.03 Notice to and remedies of MORTGAGEE

- (a) No re-entry, termination or forfeiture of this lease by the LESSOR shall be valid against the MORTGAGEE who has filed with the LESSOR notice of MORTGAGE in favour of the MORTGAGEE and specified an address for notice under Article XXV unless the LESSOR shall first have given to the MORTGAGEE notice of the default entitling the LESSOR to re-enter, terminate or forfeit this lease, specifying the nature of that default and stating the LESSOR's intention to take such proceedings and requiring the MORTGAGEE:
  - (i) to cure the default specified in the notice within a period of sixty (60) days from the date of receipt of that notice by the MORTGAGEE; or
  - (ii) if the default is other than the failure to pay BASIC RENT or ADDITIONAL RENT or taxes or any other sums required to be paid to the LESSOR by any provision of this lease and if the default cannot reasonably be cured within such sixty (60) day period, then to immediately commence to cure the same and to diligently prosecute to conclusion all such necessary to cure the default,

and the LESSOR hereby grants the MORTGAGEE access to the SAID LANDS and the BUILDINGS for that purpose. If the default is cured within the period specified, the MORTGAGEE shall be entitled to continue as tenant for the balance of the TERM remaining at the date of the notice of default providing that the MORTGAGEE attorns as tenant to the LESSOR and undertakes to be bound by and to perform the covenants and agreements of this lease; PROVIDED HOWEVER that in the event the MORTGAGEE consists of more than one mortgagee each having a separate charge upon the LESSEE's interest in this lease, and more than one of them wishes to cure the default specified in the notice aforesaid, then the LESSOR hereby agrees to permit curing of the default specified as aforesaid and the assumption of the balance of the TERM as aforesaid by that mortgagee which is willing to cure and assume as aforesaid and whose charge ranks in priority over the charge or charges held by the other mortgagee or mortgagees willing to cure and assume as aforesaid; EXCEPT THAT in the event any MORTGAGEE has commenced a foreclosure action the provisions of section 21.03(b) shall apply.

(b) In the event the MORTGAGEE commences foreclosure proceedings against the LESSEE, whether or not the LESSEE is in default of the performance of its covenants and agreements with the LESSOR under this lease at the time such foreclosure proceedings are commenced, the LESSOR shall not re-enter, terminate or forfeit this lease after the commencement of foreclosure proceedings on the ground of any default entitling the LESSOR to re-enter, terminate or forfeit this lease if the MORTGAGEE:

- (i) shall first have given to the LESSOR notice of the foreclosure proceedings;
- (ii) is actively prosecuting the foreclosure proceedings;
- (iii) cures the default within a period of sixty (60) days from the date of receipt of notice from the LESSOR specifying the nature of the default or if the default is other than the failure to pay BASIC RENT or ADDITIONAL RENT or taxes or any other sums required to be paid to the LESSOR by any provision of this lease and if such default cannot reasonably be cured within such sixty (60) day period,

immediately commence to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default.

- (iv) perform and observe all of the LESSEE's covenants and agreements under this lease and without undue delay diligently prosecute to a conclusion the foreclosure proceedings commenced by the MORTGAGEE.

In the event that the MORTGAGEE acquires title to the LESSEE's interest in the SAID LANDS and BUILDINGS pursuant to the foreclosure proceedings, it shall thereupon become subrogated to the rights of the LESSEE under this lease provided it assumes to the LESSOR as tenant and undertakes to be bound by and perform the covenants and agreements of this lease. PROVIDED HOWEVER that in the event the MORTGAGEE consists of more than one mortgagee and more than one of them commences foreclosure proceedings, the right to cure any default granted by this section (11.03(h)) to a foreclosing mortgagee shall be deemed granted to them in the order of priority of the charges held by the foreclosing mortgagees.

- (c) If this lease shall be subject to termination or forfeiture pursuant to Article XX by reason of the bankruptcy or insolvency of the LESSEE and the MORTGAGEE has filed with the LESSOR notice of MORTGAGE in favour of the MORTGAGEE and specified an address for notice under Article XXV, the LESSOR shall give to the MORTGAGEE notice of the bankruptcy or insolvency of the LESSEE entitling the LESSOR to terminate or forfeit this lease and stating the LESSOR's intention to take such proceedings and requiring the MORTGAGEE to cure the LESSEE's default and the LESSEE's default shall be deemed to have been sufficiently cured if the MORTGAGEE shall,

- (ii) take possession and control of the SAID LANDS and BUILDINGS, or cause a receiver to be appointed under the terms of the MORTGAGEE's charge or by a court of competent jurisdiction, who takes possession and control of the SAID LANDS and BUILDINGS, and the LESSOR hereby accepts the



MORTGAGEE or such receiver access to the SAID LANDS and BUILDINGS for that purpose;

- (ii) cure every default within a period of sixty (60) days from the date of receipt by the MORTGAGEE of the notice from the LESSOR of the bankruptcy or insolvency of the LESSEE, or if such default or defaults are other than the failure to pay BASIC RENT or ADDITIONAL RENT or taxes or any other sums required to be paid to the LESSOR by any provision of this lease and if such default or defaults cannot reasonably be cured within such sixty (60) day period, immediately commence to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default or defaults;
- (iii) attorn as tenant to the LESSOR and undertake to be bound by and to perform the covenants and agreements of this lease.

PROVIDED HOWEVER that in the event the MORTGAGEE consists of more than one mortgagee the right to take possession and control, to cure any default and to assume the lease as aforesaid shall be deemed granted to them in the order of the priority of their respective charges.

- (d) Any re-entry, termination or forfeiture of this lease made in accordance with the provisions of this lease as against the LESSEE shall be valid and effectual against the LESSEE even though made subject to the rights of any MORTGAGEE to cure any default of the LESSEE and to continue as tenant under this lease.
- (e) No entry upon the SAID LANDS or into the BUILDINGS by the MORTGAGEE pursuant to this section 21.03 for the purpose of curing any default or defaults of the LESSEE shall release or impair the continuing obligations of the LESSEE.

Section 21.04 Remedies of LESSOR are cumulative

The remedies of the LESSOR specified in this lease

are cumulative and are in addition to any remedies of the LESSOR at law or equity. No remedy shall be deemed to be exclusive, and the LESSOR may from time to time have recourse to one or more or all of the available remedies specified herein or at law or equity. In addition to any other remedies provided in this lease, the LESSOR shall be entitled to restrain by injunction any violation or attempted or threatened violation by the LESSEE of any of the covenants or agreements hereof.

Section 21.65 Waiver by LESSOR

The failure of the LESSOR to insist upon the strict performance of any covenant or agreement of this lease shall not waive such covenant or agreement, and the waiver by the LESSOR of any breach of any covenant or agreement of this lease shall not waive such covenant or agreement in respect of any other breach. The receipt and acceptance by the LESSOR of rent or other monies due hereunder with knowledge of any breach of any covenant or agreement by the LESSEE shall not waive such breach. No waiver by the LESSOR shall be effective unless made in writing.

ARTICLE XXII

COVENANTS OF LESSOR AS TO TITLE

Section 22.01 Covenant respecting charges and encumbrances

The LESSOR covenants with the LESSEE that the LESSOR has a good and marketable title in fee simple to the SAID LANDS and that the LESSOR has not at any time heretofore made, done, permitted, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the SAID LANDS or any part thereof are charged or encumbered in title or estate other than the subsisting exceptions and reservations contained in the original grant of the SAID LANDS from the Crown.

Section 22.02 Covenant respecting authority to lease

The LESSOR covenants with the LESSEE that it now has in itself good right, full power and absolute authority to lease the SAID LANDS to the LESSEE in the manner and according to the true intent of this lease.



ARTICLE XXIII

ARBITRATION

Section 23.01

If the LESSOR and the LESSEE do not agree as to any of the matters which, if no agreement is reached upon them, are by the provisions hereof to be determined by arbitration, any such disagreement shall be referred to three arbitrators, one of whom shall be chosen by the LESSOR, one by the LESSEE, and the third by the two so chosen and the third arbitrator so chosen shall be the chairman. The award may be made by the majority of the arbitrators. If within fifteen (15) days or such extended time as the parties may agree upon, a party who has been notified of a dispute fails to appoint an arbitrator or the two arbitrators appointed by the parties do not agree upon a third arbitrator, then the party or parties not in default may apply to the Supreme Court of British Columbia for the appointment by the Supreme Court of British Columbia of an arbitrator to represent the party or parties in default or a third arbitrator or both of such arbitrators. The costs of the reference and award shall be in the discretion of the arbitrators who may direct to and by whom and in what manner those costs or any part thereof shall be paid and may tax or settle the amount of costs to be so paid or any part thereof and may award costs to be paid as between solicitor and client. Except as to matters otherwise provided herein, the provisions of the Arbitration Act of British Columbia, R.S.B.C. 1960, Chapter 14 as amended from time to time, shall apply.

ARTICLE XXIV

CERTAIN COVENANTS AND AGREEMENTS OF LESSOR

Section 24.01 Conduct on demised premises

The LESSOR covenants and agrees with the LESSOR that it will not carry on nor do, nor allow to be carried on or done upon the SAID LANDS or in the BUILDINGS any work, business or occupation which may be a nuisance or which may be improper, noisy or contrary to any law or to any by-law of the City of Vancouver for the time being in force.

ARTICLE XXV

SURRENDER OF LEASE

Section 25.01

At the end of the TERM, either by forfeiture, default or lapse of time, the LESSEE shall surrender the SAID LANDS and the BUILDINGS to the LESSOR in the condition in which they were required to be kept by the LESSEE under the provisions of this lease, except as herein otherwise expressly provided.



ARTICLE XXVI

QUIET ENJOYMENT AND OWNERSHIP  
OF THE BUILDINGS

Section 26.01 Covenant for Quiet Enjoyment

If the LESSEE pays the rent hereby reserved and the other charges, and performs the covenants heretofore on the LESSEE's part contained, the LESSEE shall and may peaceably enjoy and possess the SAID LANDS for the TERM, without any interruption or disturbance whatsoever from the LESSOR or any other person, firm or corporation lawfully claiming from or under the LESSOR, provided however that nothing in this section 26.01 shall limit the rights of inspection conferred upon the LESSOR by section 14.01, the right of the LESSOR to show the SAID LANDS and the BUILDINGS and to post notice, pursuant to section 11.02 or the rights of access reserved by the LESSOR under section 9.02 and Article XXVIII.

Section 26.02 Ownership of the BUILDINGS

The LESSOR and the LESSEE agree that the title to and ownership of the BUILDINGS and all alterations, additions, changes, substitutions or improvements thereto shall at all times during the TERM be vested in the LESSEE, notwithstanding any rule or law as to the immediate vesting of the title to and ownership of the BUILDINGS in the LESSOR as owner of the freehold. The title to and ownership of the BUILDINGS shall not pass to or become vested in the LESSOR until the expiration of the TERM either by forfeiture, default or lapse of time under the terms of this lease in which event the BUILDINGS shall become the absolute property of the LESSOR free of all encumbrances.

Section 26.03 Ownership of Tenants' Fixtures

The provisions of section 26.02 shall not be construed to prevent the LESSEE from conferring on tenants or occupants of the BUILDINGS the right of property in, or the right to remove fixtures or improvements which are of the nature of usual tenants' fixtures and normally removable

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by tenants, and which are not part of the BUILDINGS or the SAID LANDS. The LESSEE shall make good or shall cause such tenants to make good, any damage to the BUILDINGS caused by any removal of tenants' fixtures.

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by tenants, and which are not part of the BUILDINGS or the SAID LANDS. The LESSEE shall make good or shall cause such tenants to make good, any damage to the BUILDINGS caused by any removal of tenants' fixtures.



ARTICLE XXVII

OVERHOLDING

Section 27.01

The LESSEE covenants and agrees with the LESSOR that if the LESSEE shall hold over and the LESSOR shall accept rent after the expiration of the TERM, the new tenancy thereby created shall be a tenancy from month to month at the monthly rent paid by the LESSEE in respect of the last month of the TERM, and not a tenancy from year to year and shall be subject to the covenants and conditions herein contained so far as the same are applicable to a tenancy from month to month.

ARTICLE XXVIII

ACCESS

Section 28.01 Entry upon COMMERCIAL DEVELOPMENT for the  
purpose of supporting BUILDINGS

The LESSOR, so far as it lawfully can but not otherwise, hereby grants permission to the LESSEE to enter upon the COMMERCIAL DEVELOPMENT to repair, renew, replace, maintain, construct or inspect or cause to be repaired, renewed, replaced, maintained, constructed or inspected the structure of the COMMERCIAL DEVELOPMENT or any part thereof supporting and maintaining the BUILDINGS (including without limiting the generality of the foregoing those columns, supporting walls, floors and ceilings of the COMMERCIAL DEVELOPMENT supporting and maintaining the BUILDINGS) to the extent necessary to ensure the use and enjoyment by the LESSEE of the SAID LANDS and the BUILDINGS.

Section 28.02 Entry upon COMMERCIAL DEVELOPMENT for the  
enjoyment and operation of BUILDINGS

The LESSOR, so far as it lawfully can but not otherwise, grants permission to the LESSEE to enter upon the COMMERCIAL DEVELOPMENT to the extent necessary to ensure the use and enjoyment by the LESSEE of the SAID LANDS and the BUILDINGS and the efficient operation thereof, to inspect the same and to repair, renew, replace, maintain or alter elevators, heating and air conditioning equipment, water and sewer mains and connections, water, steam and gas pipes, electric cables, wires, ducts and conduits and all other fixtures in and appurtenances to the COMMERCIAL DEVELOPMENT or any part thereof and the machinery and equipment used or required in the operation thereof whether or not enumerated herein, for the time being existing on or in the COMMERCIAL DEVELOPMENT and capable of being used in connection with the enjoyment of or required for the operation of the SAID LANDS and BUILDINGS or any part thereof or to maintain, repair, replace, alter or renew any part of the COMMERCIAL DEVELOPMENT used in common by or available for the use of the tenants, occupiers, licensees and permittees of the SAID LANDS and BUILDINGS or the COMMERCIAL DEVELOPMENT.

Section 28.03 Permission granted to LESSEE to right of  
passage through COMMERCIAL DEVELOPMENT

The LESSOR, so far as it lawfully can but not otherwise, hereby grants permission to the LESSEE for itself and its tenants, servants, contractors, subcontractors, agents, licensees, permittees and invitees during the TERM in common with the LESSOR, its tenants, servants, contractors, subcontractors, agents, licensees, permittees and invitees to enter, go, pass and repass as pedestrians, with or without hand-carts, shopping carts, wheelchairs and similar modes of conveyance, to, through, along and over that part of the COMMERCIAL DEVELOPMENT containing 8009 cubic feet more or less, outlined in red on the plan prepared by J.M. Farnell, B.C.L.S., dated October 6, 1978, and attached to and marked Schedule "A" to the PARCEL TWO EASEMENT AGREEMENT which is required to gain pedestrian access as aforesaid from the motor vehicle garage in the demised premises to the hallway in the demised premises.

Section 28.04

The permission granted under this Article XXVIII is granted pursuant to the PARCEL TWO EASEMENT AGREEMENT and is at all times subject to the terms and conditions thereof.





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ARTICLE XXIX

CONVERSION OF GROUND LEASE  
UNDER STRATA TITLES ACT

Section 29.01 LEASEHOLD STRATA PLAN

- (a) The LESSEE shall prepare or cause to be prepared as soon as reasonably possible after the date of this lease the LEASEHOLD STRATA PLAN, the same to be prepared in accordance with the provisions of the STRATA TITLES ACT.
- (b) The LESSEE shall deliver the LEASEHOLD STRATA PLAN to the LESSOR and the LESSOR agrees to deliver to the LESSEE its written consent to the registration of the LEASEHOLD STRATA PLAN for filing in the Vancouver Land Registry Office if it is satisfied that the LEASEHOLD STRATA PLAN has been prepared in accordance with the provisions in that regard contained in the STRATA TITLES ACT.
- (c) As soon as reasonably possible after the written consent of the LESSOR has been delivered, the LESSEE shall deposit the LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office in accordance with the provisions of the STRATA TITLES ACT and the Land Registry Act, Chapter 208, R.S.B.C. 1960, as amended from time to time in respect of the LEASEHOLD STRATA PLAN.
- (d) The LESSEE acknowledges and confirms to the LESSOR that it shall be the sole responsibility of the LESSEE to comply with the requirements of the STRATA TITLES ACT such that the LEASEHOLD STRATA PLAN may be accepted by the Vancouver Land Registrar for deposit in the Vancouver Land Registry Office as aforesaid.

Section 29.02 Conversion of Ground Lease

It is understood and agreed between the LESSOR and the LESSEE that the deposit of the LEASEHOLD STRATA PLAN shall in accordance with the provisions of Part III of the

STRATA TITLES ACT operate as a conversion of this lease into individual leases in the name of the LESSEE in respect of the interest of the LESSOR in each STRATA LOT subject to the applicable terms and conditions contained in this lease and in the model STRATA LOT lease attached hereto and forming Schedule "B" hereof and to the provisions of the STRATA TITLES ACT and the regulations made thereunder. From and after the conversion of this lease under the STRATA TITLES ACT as aforesaid, each STRATA LOT shall be held during all of the unexpired residue of the TERM then remaining separately from and independently of each of the other STRATA LOTS as if each STRATA LOT had been demised to the LESSEE by separate leases in the form of the model STRATA LOT lease attached hereto as Schedule "B".

Section 29.03 Execution of model STRATA LOT lease by  
STRATA CORPORATION

The LESSEE covenants and agrees with the LESSOR to cause the STRATA CORPORATION to execute and deliver to the LESSOR a lease in a form of the model STRATA LOT lease attached hereto and forming Schedule "B" within thirty (30) days after registration of the LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office but before the assignment by the LESSEE of any STRATA LOT. Such model STRATA LOT lease shall be in a form acceptable for registration in the Vancouver Land Registry Office and the LESSEE shall bear all costs for registration of the same.

Section 29.04 Exoneration of Liability

Upon completion of the BUILDINGS as required by the provisions of section 4.01, and upon registration of the LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office, and if the LESSEE shall have paid the BASIC RENT, ADDITIONAL RENT, taxes and any other monies required to be paid hereunder and observed and performed the covenants and agreements herein to be performed by the LESSEE up to the date of registration of the LEASEHOLD STRATA PLAN, the LESSEE shall be exonerated from, and relieved of and discharged from any and all further liabilities or obligations under this Lease. It is understood, however, that the aforementioned exoneration does not relieve in any way howsoever the LESSEE from its liabilities or obligations under the covenants, terms and conditions contained in the model strata lot lease attached to this lease as Schedule B by which each STRATA LOT shall



be held during the unexpired residue of the TERM remaining  
from and after the conversion of this lease.

ARTICLE XXX

NOTICE

Section 30.01

All notices, demands and requests which may or are required to be given pursuant to this lease shall be in writing and shall be sufficiently given if served personally upon the party or an executive officer of the party for whom it is intended or mailed prepaid and registered, in the case of the LESSOR addressed to:

City Clerk  
City Hall  
453 West 12th Avenue  
Vancouver, British Columbia

and to; Director of Legal Services  
Law Department  
City Hall  
453 West 12th Avenue  
Vancouver, British Columbia

and in the case of the LESSEE addressed to:

Frank Stanzl Construction Ltd.  
6625 Fraser Street  
Vancouver, British Columbia

or at such other addresses as the parties may from time to time advise by notice in writing. MORTGAGEES hereof shall supply their respective mailing addresses to the LESSOR and the LESSEE. The date of receipt of any such notice, demand or request shall be deemed to be the date of delivery if such notice, demand or request is served personally or if mailed as aforesaid on the second business day next following the date of such mailing. PROVIDED HOWEVER that if mailed, should there be between the time of mailing and the actual receipt of the notice a mail strike, slow down of postal service or other labour dispute which affects the delivery of such notice, then such notice shall be deemed to be received when actually delivered.

ARTICLE XXXI

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MISCELLANEOUS

Section 31.01

The LESSOR and the LESSEE agree that at any time and from time to time upon not less than thirty (30) days' prior request by the other party, each will execute, acknowledge and deliver to the other a statement in writing certifying:-

- (a) that this lease is unmodified and in full force and effect or if there have been modifications that the same are in full force and effect as modified and identifying the modifications;
- (b) the dates to which the rent and other charges have been paid and the request shall specify the charges in respect of which such information is required; and
- (c) that, so far as the maker of the statement knows, the party who requests the statement is not in default under any provisions of this lease, or, if in default, the particulars thereof.

Section 31.02 Waiver of Rent and Taxes to 15 January, 1977

The LESSOR waives the BASIC RENT payable by the LESSEE under the provisions of Schedule "A" attached hereto and the taxes or amount in lieu of taxes payable by the LESSEE under the provisions of Article III for the period commencing 1 October, 1976, and ending 15 January, 1977 (both dates inclusive) and the LESSEE shall not be in default hereunder by reason of non-payment of such BASIC RENT, taxes or amount in lieu of taxes.

Section 31.03

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

Section 31.04



by an instrument in writing of equal formality herewith executed by the LESSOR and the LESSEE or by the successors or assigns of the LESSOR and the successors or permitted assigns of the LESSEE.

Section 31.05

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 not in any way affect this lease.

Section 31.06

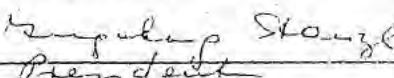

It is further agreed and declared by the LESSOR and the LESSEE that these presents shall extend to, be binding upon and enure to the benefit of the LESSOR and the LESSEE and the heirs, executors, administrators, successors and assigns of the LESSOR and the heirs, executors, administrators successors and permitted assigns of the LESSEE.

IN WITNESS WHEREOF the LESSOR and the LESSEE have hereunto caused to be affixed their respective seals attested by the signatures of their respective proper officers duly authorized for such purpose.

The Common Seal of the  
CITY OF VANCOUVER was  
hereunto affixed  
in the presence of:

  
\_\_\_\_\_  
Director of Legal Services

The common Seal of  
FRANK STANZL CONSTRUCTION  
LTD. was hereunto affixed  
in the presence of:

  
\_\_\_\_\_  
President  
  
\_\_\_\_\_  
Secretary

SCHEDULE "A"

## Part A

This is the Schedule referred to in  
Section 2.01 of this lease

Payment Schedule

The annual rent payable and to be paid by the LESSEE for and during each year of the TERM is as follows:-

- (a) for and during each year of the three (3) year period of the TERM commencing on 1 October, 1976, the annual sum of \$45,200.00 which shall be paid by the LESSEE in twelve (12) equal monthly installments in advance on the 1st day of each and every month in each year during the said three (3) year period of the TERM.
- (b) for and during each year of the twenty-seven (27) year period of the TERM commencing on 1 October, 1979, and ending on 30 September, 2006, a sum which shall be determined annually on or before the 1st day of October in each of such years (except as hereinafter otherwise provided) by adding to the annual net basic rental paid or payable by the LESSEE hereunder as BASIC RENT in the year immediately preceding the year for which such annual sum is to be determined, the product obtained by multiplying the amount of such annual net basic rental paid or payable by the LESSEE by the escalation rate determined annually in accordance with Part B of this Schedule "A", provided that if the national personal disposable income (herein called "the PDI") ceases to be published by Statistics Canada or the then recognized Statistics Branch of the Government of Canada or if the PDI is computed on a different basis from the basis on which it is computed on 1 October, 1979, there shall be applied in the place of the PDI for the purposes of determining the BASIC RENT pursuant to this paragraph (b) such substitution for the PDI as the LESSOR and the LESSEE may agree upon, and failing agreement between them, such substitution for the PDI as may be determined by arbitration to be the index most accurately measuring the national personal disposable income in Canada at the date such index is required to be determined hereunder weighted in a manner most closely approximating the PDI

last published by Statistics Canada. If the estimated population in Canada and the provinces ceases to be published by Statistics Canada or the then recognized statistics branch of the Government of Canada, there shall be applied in the place of the estimate for the purposes of determining the BASIC RENT pursuant to this paragraph (b) such other estimate as the LESSOR and the LESSEE may agree upon and failing agreement between them, such other estimate as may be determined by arbitration. Until the arbitrators shall have determined the substitution for the PDI the LESSEE shall pay to the LESSOR pending such determination a BASIC RENT as provided in section 2.03 of this lease. The LESSEE covenants and agrees to pay the BASIC RENT as so calculated annually for the twenty-seven (27) year period hereof in twelve (12) equal monthly installments in advance on the first day of each month in each year during the twenty-seven (27) year period of the TERM.

- (c) for and during each subsequent ten (10) year period of the TERM commencing on 1 October, 2006 such annual sum or annual sums (as the case may be) as may be agreed upon in writing by and between the LESSOR and the LESSEE, provided that if the LESSOR and the LESSEE do not agree in writing upon the BASIC RENT for any of the subsequent ten (10) year periods of the TERM at least six (6) months prior to 30 September, 2006 or the end of any ten (10) year period (as the case may be) of the TERM next preceding the ten (10) year period of the TERM in respect of which the BASIC RENT has not been agreed upon, the BASIC RENT for each year of the last mentioned ten (10) year period of the TERM shall be the market rental value of the SAID LANDS at the date which shall be six (6) months prior to 30 September, 2006 or the end of the ten (10) year period (as the case may be) of the TERM next preceding and such market rental value shall be determined by arbitration. The arbitrators shall within the six (6) month period aforesaid appraise and determine the market rental value of the SAID LANDS as of the date hereinbefore set out and if the arbitrators shall not have determined such market rental value within the said six (6) month period, the LESSEE shall pay to the LESSOR pending such determination a BASIC RENT as provided in section 2.03 of this lease. The LESSEE covenants and agrees to pay the BASIC RENT as so calculated for each of the said ten (10) year periods



## Schedule "A" - Part "A"

of the TERM in twelve (12) equal monthly installments in advance on the first day of each month in each year during the ten (10) year period of the TERM to which such BASIC RENT applies.

SCHEDULE "A"

Part B

ESCALATION RATE

The escalation rate for the purposes of computing BASIC RENT in this lease shall be determined in accordance with provisions of this Part.

In determining the escalation rate, the terms "per capita PDI", "year 2" and "year 1" have the following meanings:-

"per capita PDI" means the result obtained by dividing the estimate of the personal disposable income of Canada for the year 2 or year 1 (as the case may be) published in Statistics Canada publication No. 13-001, National Income and Expenditures Account, System of National Accounts (First Quarter) in the year following the year 2 or year 1 (as the case may be) by the estimate of the population in Canada for July 1 of year 2 or year 1 (as the case may be) published in the Canadian Statistical Review by Statistics Canada for the year 2 or year 1 (as the case may be).

"year 2" means

- (1) where the date for determination of BASIC RENT is after 31 July in any year the calendar year immediately preceding such year; or
- (2) where the date for determination of BASIC RENT is on or before 31 July in any year the second calendar year preceding such year.

"year 1" means the calendar year immediately preceding year 2.

For example:-

If the date for determination of BASIC RENT is 1 August, 1979, the "year 2" will be the calendar year 1978 and "year 1" will be calendar year 1977 whereas if the date for determination is 1 July, 1979, then "year 2" will be the calendar year 1977 and "year 1" will be the calendar year 1976.

The escalation rate shall be determined by the application of the following formula:-

$$\frac{\text{Per capita PDI for (year 2) minus per capita PDI for (year 1)}}{\text{Per capita PDI for (year 1)}} \times 100$$

= percentage increase in the per capita PDI

Schedule "A" Part B continued

The escalation rate is determined by subtracting 3% from the percentage increase in the per capita PDI and multiplying the remainder by three-quarters (3/4).

For example:-

If the date for determination of BASIC RENT is 1 July, 1975, the formula would be applied as follows:-

1972 (year 1) - PDI = \$66,740,000,000  
Population = 21,848,000  
Per capita PDI = 3054.74

1973 (year 2) - PDI = \$75,977,000,000  
Population = 22,125,000  
Per capita PDI = 3433.99

(1) Increase in per capita PDI =  $\frac{3433.99 - 3054.74}{3054.74} \times 100 = 12.4\%$

(2) Escalation Rate =  $(12.4 - 3.00\%) \times 75\% = 7.05\%$

If the escalation rate is a negative amount in any year, it shall not be applied and the BASIC RENT then being paid shall continue to be paid by the LESSEE without any increase. Notwithstanding the foregoing provisions of this Schedule, the escalation rate shall never exceed 8% in any year.



SCHEDULE B.

This is the schedule referred to in  
Article XXIX of this lease

MODEL STRATA LOT LEASE

BETWEEN:

CITY OF VANCOUVER

(herein called the "LESSOR")

OF THE FIRST PART

AND:

FRANK STANZL CONSTRUCTION LTD.

a company incorporated under the laws  
of the Province of British Columbia  
and having an office at 6625 Fraser  
Street in the City of Vancouver,  
Province of British Columbia,  
Certificate of Incorporation No. 44348

(herein called the "LESSEE")

OF THE SECOND PART

AND:

The STRATA CORPORATION

(as herein defined)

OF THE THIRD PART

NOW THIS INDENTURE WITNESSES that in consideration  
of the rents, covenants and agreements hereinafter reserved and  
contained and on the part of the LESSEE to be paid, observed  
and performed, the LESSOR has demised and leased and by  
these presents does demise and lease unto the LESSEE and the  
LESSEE does hereby take and rent upon and subject to the  
conditions hereinafter expressed the STRATA LOT (herein defined).

TO HAVE AND TO HOLD the STRATA LOT for and during  
the TERM commencing on the date of deposit of the LEASEHOLD  
STRATA PLAN (herein defined) and from thenceforth next  
ensuing and fully to be completed and ended on 30 September,  
2036 unless this lease shall be renewed under the provisions  
of Article XXIV.

YIELDING AND PAYING to the LESSOR during the TERM  
rent as hereinafter provided.

This lease is made upon and subject to the following  
covenants and conditions which each of the LESSOR and the  
LESSEE respectively covenants and agrees to keep, observe  
and perform to the extent that the same are binding or  
expressed to be binding upon it.

ARTICLE IDEFINITIONSSection 1.01

The terms defined in this section 1.01 for all purposes of this lease unless otherwise specifically provided herein, have the meanings hereinafter specified. The terms here defined are:-

- (a) "ADDITIONAL RENT" means the amounts, if any, payable by the LESSEE pursuant to sections 3.02, 3.04 and 3.05.
- (b) "BASIC RENT" as of any particular time means the net basic rental provided for in this lease during the TERM, together with any other and additional amounts which are herein expressed to be added to and made part of BASIC RENT, other than ADDITIONAL RENT;
- (c) "BUILDINGS" means all structures and buildings constructed upon the SAID LANDS or any part thereof, together with all replacements, alterations, additions, changes, substitutions, improvements or repairs thereto, all COMMON FACILITIES and all other improvements from time to time constructed upon or affixed or appurtenant to the SAID LANDS;
- (d) "COMMERCIAL DEVELOPMENT" means the structures from time to time erected upon and in Air Space Parcel 2 of Lot 7, False Creek, Air Space Plan 6 in the City of Vancouver, Province of British Columbia;
- (e) "COMMON FACILITY" means a facility that is available for the use of all the OWNERS, and, without limiting the generality of the foregoing, may include a laundry room, playground, swimming pool, recreation centre, clubhouse, tennis court, or any other facility;
- (f) "COMMON PROPERTY" means so much of the SAID LANDS and BUILDINGS comprised in the LEASEHOLD STRATA PLAN that is not comprised in a STRATA LOT shown in the LEASEHOLD STRATA PLAN as more particularly defined

in the STRATA TITLES ACT:

- (g) "DEVELOPMENT PERMIT" means the development permit issued by the City of Vancouver to Frank Stanzl Construction Ltd., 6625 Fraser Street, in the City of Vancouver, Province of British Columbia, and given number 75082;
- (h) "GROUND LEASE" means that certain indenture of lease dated as of the 1st day of October, 1976, and made between the City of Vancouver, as lessor, and Frank Stanzl Construction Ltd., as lessee, wherein the said lessor demised unto the said lessee the SAID LANDS for a term of sixty (60) years beginning on 1 October, 1976, and ending on 30 September, 2036;
- (i) "LEASEHOLD STRATA PLAN" means a strata plan deposited in the Vancouver Land Registry Office pursuant to the STRATA TITLES ACT in which the land included in the strata plan is subject to this lease;
- (j) "MORTGAGE" means a mortgage or mortgages upon or in respect of the leasehold interest of the LESSEE in the SAID LANDS and the BUILDINGS or any part thereof and includes any debenture and deed of trust and mortgage to secure any bonds or debentures issued thereunder.
- (k) "MORTGAGEE" means a mortgagee or mortgagees under a MORTGAGE and includes any debenture holder or trustee for bondholders or debenture holders or any debenture holder under a deed of trust and mortgage to secure any bonds or debentures issued thereunder;
- (l) "OWNER" means a person registered in the register of the Vancouver Land Registry Office as a lessee pursuant to a lease of a leasehold interest from the LESSOR in a STRATA LOT whether entitled thereto in the right of the OWNER or in a representative capacity or otherwise and includes a purchaser as that term is defined in the STRATA TITLES ACT;
- (m) "PARCEL TWO EASEMENT AGREEMENT" means the agreement dated as of December 1, 1978, and made between the LESSEE as the company, the LESSOR as the City and as the Grantee, and the Royal Bank of Canada as the Mortgagee wherein certain



easements are granted to the Grantee over Air Space Parcel 2 of Lot 7, False Creek, Air Space Plan 6 in the City of Vancouver, Province of British Columbia and registered in the Vancouver Land Registry Office;

- (n) "SAID LANDS" means those lands in the City of Vancouver in the Province of British Columbia, more particularly known and described as Air Space Parcel 1 of Lot 7, False Creek, Air Space Plan 6, and owned by the LESSOR;
- (o) "SPECIAL RESOLUTION" means a special resolution passed by the STRATA CORPORATION in accordance with the provisions of the STRATA TITLES ACT;
- (p) "STRATA CORPORATION" means the corporation created by the provisions of the STRATA TITLES ACT, the lessee or lessees of the STRATA LOTS included in the LEASEHOLD STRATA PLAN and his or their successors constituting and being the members for the time being of the Corporation;
- (q) "STRATA LOT" means a strata lot shown as such on the LEASEHOLD STRATA PLAN, together with any structure erected therein or thereon and including its share in the COMMON PROPERTY and COMMON FACILITIES;
- (r) "STRATA TITLES ACT" means the Strata Titles Act, S.B.C. 1974, Chapter 89, as amended from time to time;
- (s) "TERM" means the unexpired portion of the term of the GROUND LEASE commencing on the date of deposit of the LEASEHOLD STRATA PLAN and ending on 30 September, 2036 save and except as modified by Article XXIV;
- (t) "TRUSTEE" means The Royal Trust Corporation of Canada or such other trust company duly authorized to carry on business in the Province of British Columbia appointed by the LESSOR for the purposes of section 5.07;
- (u) "UNIT ENTITLEMENT" means the unit entitlement of a STRATA LOT and indicates the share of the OWNER in the COMMON PROPERTY, COMMON FACILITIES, and other assets of the STRATA CORPORATION and is the figure by reference to which the OWNER'S contribution to the common expenses of a STRATA CORPORATION is calculated.

Section 1.02

All the provisions of this lease shall be deemed and construed to be conditions as well as covenants as though the words specifically expressing or importing covenants or conditions were used in each separate provision hereof.

Section 1.03

The words "herein", "hereby", "hereunder" and words of similar import refer to this lease as a whole and not to any particular article, section or subsection thereof.

ARTICLE IIPAYMENT OF RENTSection 2.01 Annual Rent

The LESSEE covenants and agrees to pay to the LESSOR as rent for and during each year of the TERM the BASIC RENT for each of the STRATA LOTS described in Schedule "C" attached hereto and in accordance therewith.

Section 2.02 Adjustment of BASIC RENT

If the BASIC RENT at any time payable hereunder is subject to a revision which is dependent upon a determination to be made pursuant to the provisions of section 2.01, but which has not then been made, and if consequently the amount of the revision of the BASIC RENT cannot then be ascertained, the LESSEE shall, pending such determination, continue to pay monthly installments of the BASIC RENT equal to the monthly instalments payable in the year immediately preceding the period of the TERM for which such revision of the BASIC RENT is to be determined or such larger instalments as the LESSEE may elect and when the revised BASIC RENT has been ascertained, the LESSEE shall pay to LESSOR the amount, if any, by which the monthly instalments of the revised BASIC RENT payable prior to the date thereof exceeds the amount actually paid between the termination of the said immediately preceding year and the final determination of the revised BASIC RENT together with interest at the rate of one per centum (1%) per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver on such excess amount or the LESSOR shall credit the LESSEE against future instalments of BASIC RENT with any overpayment together with interest on such overpayment at the rate of one per centum (1%) per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver.



Section 2.03 Net Lease

Unless otherwise expressly stipulated herein to the contrary, all rent required to be paid by the LESSEE hereunder shall be paid without any deduction, abatement or set-off whatsoever, it being the intention of this lease that all expenses, costs, payments and outgoings incurred in respect of the STRATA LOT or for any other matter or thing affecting the STRATA LOT shall be borne by the LESSEE, that the rent herein provided shall be absolutely net to the LESSOR and free of all abatements, set-off or deduction of real property taxes, charges, rates, assessments, expenses, costs, payments or outgoings of every nature arising from or related to the STRATA LOT or any other improvements on the STRATA LOT and that the LESSEE shall pay or cause to be paid all such taxes, charges, rates, assessments, expenses, costs, payments and outgoings.

Section 2.04 Collection of other amounts due

Any sums, costs, expenses or other amounts from time to time due and payable by the LESSEE to the LESSOR under the provisions of this lease, including sums payable by way of indemnity, and whether expressed to be rent or not in this lease, may at the option of the LESSOR be treated as and deemed to be BASIC RENT, in which event the LESSOR shall have all the remedies for the collection of such sums, costs, expenses or other amounts, when in arrears, as are available to the LESSOR for the collection of rent in arrears.

Section 2.05 Interest on amounts in arrears

When the BASIC RENT, ADDITIONAL RENT or any other amounts payable hereunder by the LESSEE to the LESSOR shall be in arrears, such amount shall bear interest at the rate of three per centum (3%) per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver until paid, and the LESSOR shall have all the remedies for the collection of such interest, if unpaid after demand, as in the case of rent in arrears, but this stipulation for interest shall not prejudice or affect any other remedy of the LESSOR under this lease.

ARTICLE III

PAYMENT OF TAXES

Section 3.01 Payment of Taxes if LESSOR  
is not exempt therefrom

Save as otherwise provided in section 3.02 and section 18.03, the LESSEE will in each and every year during the TERM not later than the day immediately preceding the date or dates on which real-property taxes and other charges imposed upon real property within the City of Vancouver become due and payable whether monthly, quarterly, twice-yearly or otherwise, pay and discharge or cause to be paid and discharged all taxes, rates, duties, charges and assessments, including school taxes, local improvement rates and other charges which now are or shall or may be levied, rated, charged or assessed against the STRATA LOT, all other structures, all machinery, equipment, facilities and other property of any nature whatsoever thereon and therein, whether such taxes, rates, duties, charges and assessments are charged by any municipal, parliamentary, legislative, regional, school or other authority during the TERM and will indemnify and keep indemnified the LESSOR from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such taxes, rates, duties, charges and assessments; and any such losses, costs, charges and expenses suffered by the LESSOR may be collected by the LESSOR as BASIC RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of rent in arrears. The LESSEE further covenants and agrees that during the TERM, it will deliver to the LESSOR for inspection receipts for payments of all taxes, rates, duties, charges, assessments, including school taxes, local improvement rates and other charges in respect of the STRATA LOT, all other structures, all machinery, equipment, facilities and other property of any nature whatsoever thereon and therein which were due and payable during the TERM within fourteen (14) days following receipt by the LESSEE of each of such receipts for payment. The LESSOR shall, not later than fourteen (14) days following receipt of any assessment notices delivered to the LESSOR by any taxing authority relating to the STRATA LOT, or any other structures, any machinery, equipment, facilities and



other property of any nature whatsoever thereon and therein, forward a copy thereof to the LESSEE. The LESSEE shall have the right from time to time to appeal any assessment of the STRATA LOT or any other tax, rate, duty, charge or amount referred to in this section 3.01 provided that such appeal shall be at the sole cost and expense of the LESSEE. If in the future the LESSEE is unable to appeal any assessment of the STRATA LOT or any other tax rate, duty, charge or amount referred to in this section 3.01 except in the name of the LESSOR, then the LESSEE shall have the right to appeal in the name of the LESSOR.

Notwithstanding anything herein contained, the LESSEE shall be responsible only for the payments referred to in this section 3.01 from the date of the deposit of the LEASEHOLD STRATA PLAN and if such date shall be other than the first day of January in any year, such payments as to the first and last years of this lease shall be reduced proportionately.

Section 3.02 Payment of Taxes if LESSOR  
is exempt therefrom

The LESSEE covenants and agrees with the LESSOR that if during the TERM, the STRATA LOT, all other structures, all machinery, equipment and facilities and other property of any nature whatsoever thereon and therein are by the provisions of the Vancouver Charter, S.B.C. 1953, Chapter 55, as amended from time to time, or any other municipal, parliamentary, legislative or regional enactment exempt from taxation in whole or in part by reason of the LESSOR's ownership of the SAID LANDS and they would otherwise have been subject to taxation, then the LESSEE shall in each and every year during the TERM that such exemption occurs pay to the LESSOR as ADDITIONAL RENT, in like manner and time as taxes are to be paid pursuant to section 3.01, an amount equal to the amount that but for such exemption would have been paid by the LESSEE pursuant to section 3.01 for taxes, rates, duties, charges, assessments, including school taxes and local improvement rates, and other charges. For such purpose in each year during the TERM the following provisions shall apply:



- (i) if the City of Vancouver or any municipal, parliamentary, legislative, regional or other authority having the authority so to do passes a by-law or by-laws in advance of the passing of a rating by-law or preparation of the real-property tax roll for the current year providing for the payment of real-property taxes and other charges imposed or to be imposed upon real property within the City of Vancouver by monthly, quarterly or twice-yearly instalments and providing that the amounts of such instalments shall be a percentage of the amount of real-property taxes payable on the real-property roll for the immediately preceding year, the LESSOR shall deliver to the LESSEE an advance tax statement or statements of the amount or amounts owing under such by-law or by-laws from time to time in respect of the STRATA LOT and all other structures, all machinery and equipment and facilities and other property of any nature whatsoever thereon and therein;
- and
- (ii) after the passing of a rating by-law or rating by-laws (as the case may be) by the City of Vancouver or any municipal, parliamentary, legislative, regional or other authority having the authority so to do, establishing the rate or rates to be levied on real property within the City of Vancouver, for the current year, the LESSOR shall determine the ADDITIONAL RENT by applying the rate or rates of levy established by such rating by-law or rating by-laws (as the case may be) to all, or such portion of the assessed value of the STRATA LOT and all other structures, all machinery, equipment and facilities and other property of any nature whatsoever thereon and therein as the said rate or rates of levy are applied to other taxpayers in the City of Vancouver in like case, and the LESSOR shall deliver to the LESSEE a statement of the amount payable under this section 3.02 after deducting all real-property taxes and other charges paid in advance for the current year.

The LESSEE shall have the right from time to time to appeal any assessment of the STRATA LOT or any other tax, rate, duty, charge or amount referred to in this section 3.02, provided that such appeal shall be at the sole cost and expense of the LESSEE. If in the future, the LESSEE is



unable to appeal any assessment of the STRATA LOT or any other tax, rate, duty, charge or amount referred to in this section 3.02 except in the name of the LESSOR, then the LESSEE shall have the right to appeal in the name of the LESSOR.

Notwithstanding anything herein contained, the LESSEE shall be responsible only for the payments referred to in this section 3.02 from the date of the deposit of the LEASEHOLD STRATA PLAN and if such date shall be other than the first day of January in any year, such payments as to the first and last years of this lease shall be reduced proportionately.

#### Section 3.03 Delinquent Taxes

If the LESSEE shall in any year during the TERM fail to pay the taxes under section 3.01 when due, the LESSEE shall thereupon pay interest at the percentage rate or rates established by the City of Vancouver by by-law under the Vancouver Charter, S.B.C. 1953, Chapter 55, as amended from time to time or any other taxing authority, for unpaid real-property taxes in the City of Vancouver, and in addition thereto, if such be the case, the interest fixed by the Vancouver Charter, S.B.C. 1953, Chapter 55, as amended from time to time or any other taxing authority, for delinquent taxes, but so that the LESSEE shall only be obligated to pay such interest as would be payable by other taxpayers in the City of Vancouver in like case.

#### Section 3.04 Payment for Utility Services

- (a) The LESSEE covenants with the LESSOR to pay for or cause to be paid when due all charges for gas, electricity, light, heat, power, telephone, water and other utilities and services used in or supplied to the STRATA LOT throughout the TERM and will indemnify and keep indemnified the LESSOR from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such charges, and any such loss, costs, charges and expenses which relate to such charges suffered by the LESSOR may be collected by the LESSOR as ADDITIONAL RENT

with all rights of distress and otherwise as reserved to the LESSOR in respect of rent in arrears.

- (b) The STRATA CORPORATION covenants with the LESSOR to pay for or cause to be paid when due all charges for gas, electricity, light, heat, power, telephone, water and other utilities and services used in or supplied to the COMMON PROPERTY, COMMON FACILITIES or the STRATA CORPORATION throughout the TERM (unless such charges are payable by the LESSEE under section 3.04(a)) and will indemnify and keep indemnified the LESSOR from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such charges, and the STRATA CORPORATION shall reimburse the LESSOR for any such loss, costs, charges and expenses which relate to such charges suffered by the LESSOR within thirty (30) days after receipt of invoice therefor from the LESSOR and in default thereof the LESSEE's share of the amount to which the LESSOR is entitled to reimbursement from the STRATA CORPORATION (which share shall be determined as hereinafter set forth) may be recovered by the LESSOR as ADDITIONAL RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of and as rent in arrears. In apportioning any amount to which the LESSOR is entitled to reimbursement under this section 3.04(b) such amount shall be borne by the LESSEE in the proportion that the UNIT ENTITLEMENT of the LESSEE's STRATA LOT bears to the aggregate UNIT ENTITLEMENT of all of the STRATA LOTS from time to time.

Section 3.05 Business Tax and License Fees

- (a) The LESSEE covenants with the LESSOR to pay for or cause to be paid when due every tax and permit and license fee in respect of any and every business carried on, upon or in the STRATA LOT, in respect of the use or occupancy thereof by the LESSEE (and any and every sublessee, permittee and licensee) other than such taxes as corporate income, profits or excess profit taxes assessed upon the income of the LESSEE (or such sublessee, permittee and licensee) whether such taxes or permit and license fees are charged by any municipal, parliamentary, legislative,



regional or other authority during the TERM and will indemnify and keep indemnified the LESSOR from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such taxes and permit and license fees, and any such loss, costs, charges and expenses which relate to such charges suffered by the LESSOR may be collected by the LESSOR as ADDITIONAL RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of rent in arrears.

- (b) The STRATA CORPORATION covenants with the LESSOR to pay for or cause to be paid when due every tax and permit and license fee in respect of any and every business carried on, upon or in the COMMON PROPERTY or COMMON FACILITIES (unless such tax or fee is payable by the LESSEE under section 3.05(a)) whether such taxes or permit and license fees are charged by any municipal, parliamentary, legislative, regional or other authority during the TERM and will indemnify and keep indemnified the LESSOR from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such taxes and permit and license fees, and the STRATA CORPORATION shall reimburse the LESSOR for any such loss, costs, charges and expenses which relate to such charges suffered by the LESSOR within thirty (30) days after receipt of invoice therefor from the LESSOR and in default thereof the LESSEE's share of the amount to which the LESSOR is entitled to reimbursement from the STRATA CORPORATION (which share shall be determined as hereinafter set forth) may be recovered by the LESSOR as ADDITIONAL RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of and as rent in arrears. In apportioning any amount to which the LESSOR is entitled to reimbursement under this section 3.05(b) such amount shall be borne by the LESSEE in the proportion that the UNIT ENTITLEMENT of the LESSEE's STRATA LOT bears to the aggregate UNIT ENTITLEMENT of all of the STRATA LOTS from time to time.

ARTICLE IV

USE OF STRATA LOT

Section 4.01 Use of STRATA LOT

The LESSEE covenants and agrees with the LESSOR that the STRATA LOT (other than its share of the COMMON PROPERTY and COMMON FACILITIES) shall not be used for any purpose except that of self-contained residential accommodation together with other facilities ancillary thereto and connected therewith as set forth in the DEVELOPMENT PERMIT subject always to By-Law No. 3575, being the Zoning and Development By-Law of the City of Vancouver, By-Law No. 4783, being a Zoning Amendment By-Law, By-Law No. 4812, being an Official Development Plan By-Law and By-Law No. 4815, being a by-law to adopt a Local Area Development Plan and any and all subsequent amendments to such by-laws and any development permits, building permits and other permits issued in respect of the SAID LANDS and BUILDINGS from time to time pursuant to the Vancouver Charter or any other statutory authority or any by-laws, resolutions or regulations of the City of Vancouver.

ARTICLE V

INSURANCE

Section 5.01 Insurance

Subject to section 7.02, at all times during the TERM, the STRATA CORPORATION shall at no expense to the LESSOR, insure and keep insured the BUILDINGS and insurable improvements owned by the STRATA CORPORATION in one or more companies entitled to do business in the Province of British Columbia against loss or damage by fire and other perils now or hereafter from time to time embraced by or defined in the Commercial Building form of insurance coverage applicable to similar properties as the SAID LANDS, the BUILDINGS and any insurable improvements owned by the STRATA CORPORATION and effected in the Province of British Columbia by prudent owners from time to time during the TERM including, without restricting the generality of the foregoing, the hazards of lightning, earthquake, explosion, wind storm, cyclone, tornado, hail, riot, civil commotion, malicious damage, aircraft, smoke and vehicle damage to the extent that insurance against such risk or perils, or any of them, may be obtained in an amount equal to the full replacement value thereof.

Section 5.02 Pressure Vessel Insurance

At all times during the TERM the STRATA CORPORATION shall, at no expense to the LESSOR maintain or cause to be maintained in respect of the BUILDINGS pressure vessel insurance with one or more companies entitled to do business in the Province of British Columbia protecting the LESSOR, the STRATA CORPORATION and the LESSEE in respect of all boilers and such other pressure vessels as the STRATA CORPORATION may from time to time deem it necessary to insure in amounts to be designated by the STRATA CORPORATION and approved by the LESSOR, such approval not to be unreasonably withheld; such insurance shall also cover loss or damage caused by rupture of steam pipes.

Section 5.03 Deductible Amounts

Any of the policies of insurance referred to in



5.01 or 5.02 hereof may, with the approval of the LESSOR, which approval shall not be unreasonably withheld, provide that the amount payable in the event of any loss shall be reduced by a deductible amount, such amount to be designated by the STRATA CORPORATION and approved by the LESSOR, such approval not to be unreasonably withheld, and the STRATA CORPORATION shall be a co-insurer to the extent of the amount so deducted from the insurance monies paid in the event of any loss, and the said amount shall, for the purpose of section 5.07 hereof, be included as part of the insurance monies payable and paid.

Section 5.04 Co-insurance Clauses

If any of the policies of insurance referred to in section 5.01 or 5.02 hereof shall contain any co-insurance clauses, the STRATA CORPORATION shall maintain at all times a sufficient amount of insurance to meet the requirements of such co-insurance clause so as to prevent the LESSOR, the LESSEE or the STRATA CORPORATION from becoming a co-insurer under the terms of such policy or policies and to permit full recovery in the event of loss.

Section 5.05 Identity of Insured

Any and all policies of insurance referred to in Section 5.01 or 5.02 hereof shall be written in the name of the LESSOR and the STRATA CORPORATION as the insureds with loss payable to the LESSOR, the STRATA CORPORATION and the MORTGAGEE, if any, as their respective interests may appear, subject to the provisions of section 5.07 hereof, and shall contain a waiver of subrogation clause to the effect that any release from liability entered into by the LESSOR or the STRATA CORPORATION prior to any loss, shall not affect the right of the STRATA CORPORATION or the LESSOR to recover. Each policy of insurance referred to in sections 5.01 and 5.02 hereof shall contain a provision or shall bear an endorsement that the insurer will not cancel such policy without first giving the LESSOR at least fifteen (15) days' notice in writing of its intention to cancel.

Section 5.06 Release of LESSOR from liability  
for insured loss or damage

The STRATA CORPORATION and the LESSEE release the LESSOR, its successors and assigns, from any and all liability for loss or damage caused by any of the perils against which the STRATA CORPORATION shall have insured or pursuant to the terms of this lease is obligated to insure the BUILDINGS and any insurable improvements owned by the STRATA CORPORATION or any part or parts thereof, and whether or not such loss or damage may have arisen out of the negligence of the LESSOR and the STRATA CORPORATION hereby covenants to indemnify and save harmless the LESSOR from and against all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to such insured loss or damage.

Section 5.07 Payment of Loss under the Insurance Policies  
referred to in Sections 5.01 and 5.02

- (a) Subject to section 5.07(b), the insurance monies payable under any or all of the policies of insurance referred to in section 5.01 or 5.02 hereof shall, notwithstanding the terms of the policy or policies, be paid to the order of the TRUSTEE, otherwise it shall be paid to or to the order of the STRATA CORPORATION on behalf of the LESSOR, the LESSEE, the STRATA CORPORATION and the MORTGAGEE, if any.
- (b) Subject to Article VII hereof, the STRATA CORPORATION shall use such insurance monies for the restoration, reconstruction or replacement of the loss or damage in respect of which such insurance monies are payable hereunder against certificates of the architect engaged by the STRATA CORPORATION or such other person as the LESSOR and the STRATA CORPORATION may agree upon who is in charge of such restoration, reconstruction or replacement. Should the STRATA CORPORATION fail to effect the restoration, reconstruction or replacement of the loss or damage in respect of which the insurance monies are payable, without unreasonable delay, the LESSOR shall be entitled to effect such restoration, reconstruction or replacement and the STRATA CORPORATION shall cause the TRUSTEE to pay or cause to be paid to the LESSOR such insurance monies in the same manner the TRUSTEE or the



STRATA CORPORATION would have done had the STRATA CORPORATION effected such restoration, reconstruction or replacement.

Section 5.08 Workers' Compensation Coverage

At all times during the TERM, the STRATA CORPORATION shall at its own expense procure and carry or cause to be procured and carried and paid for full workers' compensation coverage in respect of all workmen, employees, servants and others engaged in or upon any work, non-payment of which would create a lien on the SAID LANDS or BUILDINGS.

Section 5.09 Comprehensive General Liability

At all times during the TERM, the STRATA CORPORATION shall, at no expense to the LESSOR, maintain in one or more companies duly authorized to carry on business within the Province of British Columbia, comprehensive general liability insurance against claims for personal injury, death or property damage or loss arising out of the use and occupation of the SAID LANDS and BUILDINGS and any insurable improvements owned by the STRATA CORPORATION indemnifying and protecting the LESSOR, the LESSEE and the STRATA CORPORATION to limits from time to time on a reasonable basis which is approved by the LESSOR, such approval not to be unreasonably withheld.

Section 5.10 Payment of Insurance Premiums

The STRATA CORPORATION shall pay all the premiums under the policies of insurance referred to in this ARTICLE V as they become due and payable whether such policies are obtained and maintained by the STRATA CORPORATION under sections 5.01, 5.02 or 5.09 or by the LESSOR under section 5.12 and in default of payment the LESSOR may pay the same and the STRATA CORPORATION shall reimburse the LESSOR for the amount so paid by the LESSOR within thirty (30) days after receipt of an invoice therefor from the LESSOR and in default whereof the LESSEE's share of the amount so paid (which share shall be determined as hereinafter set forth) may be recovered



by the LESSOR as BASIC RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of and as rent in arrears. In apportioning the cost of such insurance, such cost shall be borne by the LESSEE in the proportion that the UNIT ENTITLEMENT of the LESSEE's STRATA LOT bears to the aggregate UNIT ENTITLEMENT of all of the STRATA LOTS from time to time. The LESSOR shall submit to the LESSEE annually a statement of the amount or amounts payable by the LESSEE under section 5.12 as the cost of such insurance for the next ensuing year and upon receipt of payment therefor shall apply the same on account of the premiums of such insurance with the loss, if any, thereunder payable to the LESSOR, the LESSEE, the STRATA CORPORATION and any MORTGAGEE, as their interests may appear.

Section 5.11 Copies of Insurance Policies

The STRATA CORPORATION shall deliver or cause to be delivered to the LESSOR certified copies of all policies of insurance referred to in this ARTICLE V and obtained and maintained by the STRATA CORPORATION hereunder, accompanied by evidence satisfactory to the LESSOR that the premiums thereon have been paid.

Section 5.12 Insurance to be maintained by LESSOR

The LESSOR and the LESSEE agree that should the STRATA CORPORATION at any time during the TERM fail to insure or keep insured the BUILDINGS against loss or damage by fire and other perils as required under Section 5.01 or fail to maintain in respect of the BUILDINGS, pressure vessel insurance as required under section 5.02, or fail to maintain insurance against claims for personal injury, death or property damage or loss as required under section 5.09, then in any of such events, the LESSOR, although not obliged to do so, may obtain and maintain such insurance in such reasonable amount or amounts with such deductible amounts and for such period or periods of time as the LESSOR deems advisable.

The terms of section 5.07(b) are applicable to any insurance monies payable pursuant to policies of insurance obtained or maintained under this section 5.12.

The terms of section 5.10 are applicable to the payment of all the premiums under the policies of insurance obtained and maintained by the LESSOR under this section 5.12.







ARTICLE VI

REPAIRS

Section 6.01 LESSOR not obliged to repair

The LESSOR shall not be obliged to furnish any services or facilities or to make repairs or alterations in or to the SAID LANDS or the BUILDINGS, the LESSEE hereby assuming the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the SAID LANDS and the BUILDINGS.

Section 6.02 Repairs

- (a) The LESSEE at the LESSEE's cost and expense shall during the TERM, put and keep the STRATA LOT, including windows and doors and areas allocated to its exclusive use, in good order and condition or shall cause them to be put and kept in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS).
- (b) The STRATA CORPORATION at no cost to the LESSOR shall during the TERM maintain and repair the exterior of the BUILDINGS (excluding windows, doors, balconies and patios included in a STRATA LOT) including the decorating of the whole of the exterior of the BUILDINGS and shall maintain and repair (including renewal where reasonably necessary) pipes, wires, cables, chutes and ducts for the time being existing in the SAID LANDS or BUILDINGS and capable of being used in connection with the enjoyment of more than one STRATA LOT or COMMON PROPERTY and shall maintain all common areas both internal and external, including lawns, gardens, parking and storage areas, public halls and lobbies and shall keep in a state of good and serviceable repair and properly maintain the fixtures and fittings including all elevators, swimming pools and recreational facilities, and other apparatus and equipment used in

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connection with the COMMON PROPERTY, COMMON FACILITIES or other assets of the STRATA CORPORATION (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS).

- (c) The LESSEE and the STRATA CORPORATION shall in the same manner and to the same extent as prudent owners make such repairs so that the BUILDINGS and all appurtenances and equipment and fixtures thereto as aforesaid shall be fully usable for all of the purposes for which the same were erected and constructed and such repairs shall be in all respects to a standard at least substantially equal in quality of material and workmanship to the original work and material in the BUILDINGS and shall meet the requirements of municipal, provincial, federal, regional, school and other governmental authorities.
- (d) The STRATA CORPORATION and the LESSEE shall not commit or suffer waste or injury to the SAID LANDS or the BUILDINGS or any part thereof (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS) and shall not use or occupy or permit to be used or occupied the SAID LANDS or the BUILDINGS or any part thereof for any illegal or unlawful purpose, or in any manner which will result in the cancellation of any insurance, or in the refusal of any insurers generally to issue any insurance as requested. The STRATA CORPORATION shall at all times except to the extent that it may be relieved therefrom by municipal by-laws or regulations, keep the roadways, sidewalks, curbs, areaways and passage ways forming part of the SAID LANDS in good condition and repair and reasonably clean from rubbish, ice and snow and shall not encumber or obstruct the same or allow the same to be encumbered or obstructed in any manner;



and the LESSEE and the STRATA CORPORATION shall not injure or disfigure the SAID LANDS or the BUILDINGS or permit the same to be injured or disfigured in any way; and at the expiration or other termination of this lease, the LESSEE shall, except as otherwise expressly provided herein, surrender and deliver up the STRATA LOT in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS). The LESSEE and the STRATA CORPORATION agree not to call upon the LESSOR at any time during the TERM to make any repairs or replacements of any part of the BUILDINGS, or any alteration, addition, change, substitution or improvement thereof or thereto, whether structural or otherwise, this being a net lease. The LESSEE accepts the STRATA LOT "as is", knowing the condition thereof, and agreeing that the LESSOR has made no representation, warranty or agreement with respect thereto.

Section 6.03 Repairs made by LESSOR

- (a) If the LESSEE is in breach of the provisions of section 6.02(a), the LESSOR through its agents, servants, contractors and sub-contractors although not obliged to do so, may enter upon the STRATA LOT and those parts of the SAID LANDS and the BUILDINGS required for the purpose of making the necessary repairs required to remedy the breach.
- (b) If the STRATA CORPORATION is in breach of the provisions of section 6.02(b), the LESSOR through its agents, servants, contractors and sub-contractors although not obliged to do so, may enter upon those parts of the SAID LANDS and the BUILDINGS required for the purpose of making the necessary repairs required to remedy the breach.
- (c) The LESSOR covenants and agrees with the LESSEE

and the STRATA CORPORATION to make such repairs only after giving the LESSEE or the STRATA CORPORATION, as the case may be, sixty (60) days' written notice of its intention so to do, except in the case of an emergency in which event no notice shall be required. Any amount paid by the LESSOR in making such repairs together with all costs and expenses of the LESSOR shall be reimbursed to the LESSOR, in the case of repairs necessitated by a breach of section 6.02(a) by the LESSEE and in the case of a breach by the STRATA CORPORATION of the provisions of section 6.02(b) by the STRATA CORPORATION on demand together with interest at the rate of three (3%) per cent per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver from the date incurred until paid and may be recovered by the LESSOR in the case of repairs necessitated by a breach of section 6.02(a) from the LESSEE as BASIC RENT and in the case of a breach of the provisions of section 6.02(b) in default of reimbursement by the STRATA CORPORATION of the LESSOR, the LESSEE's share of the amount so paid (which share shall be determined as hereinafter set forth) may be recovered by the LESSOR from the LESSEE as BASIC RENT. In apportioning any amount to which the LESSOR is entitled to reimbursement under this section 6.03(c) such amount shall be borne by the LESSEE in the proportion that the UNIT ENTITLEMENT of the LESSEE's STRATA LOT bears to the aggregate UNIT ENTITLEMENT of all of the STRATA LOTS from time to time.

Section 6.04 Removal of Ice and Snow from Sidewalks

The STRATA CORPORATION covenants and agrees with the LESSOR that if the STRATA CORPORATION at any time during the TERM fails to keep the public sidewalk adjacent to the SAID LANDS reasonably clean from ice and snow during the times and to the extent required by an owner under the provisions of the City of Vancouver Street and Traffic By-law and amendments thereto, the LESSOR through its agents, servants, contractors and sub-contractors although not obliged to do so may remove such ice and snow and the LESSOR shall not be required to give the STRATA CORPORATION any notice of its intention



so to do. Any costs and expenses incurred by the LESSOR in removing such ice and snow shall be reimbursed by the STRATA CORPORATION to the LESSOR on demand together with interest at the rate of three (3%) per cent per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver until paid, and in default of reimbursement by the STRATA CORPORATION to the LESSOR the LESSEE's share of the amount so paid (which share shall be determined as hereinafter set forth) may be recovered by the LESSOR from the LESSEE as BASIC RENT. In apportioning any amount to which the LESSOR is entitled to reimbursement by the LESSEE under this Section 6.04 such amount shall be borne by the LESSEE in the proportion that the UNIT ENTITLEMENT of the LESSEE's STRATA LOT bears to the aggregate UNIT ENTITLEMENT of all of the STRATA LOTS from time to time.

Section 6.05 LESSEE not relieved of obligations to repair

Notwithstanding that the STRATA CORPORATION assumes any of the obligations of the LESSEE referred to in this Article VI by reason of any statutory requirement or with the consent of the LESSOR, the LESSEE shall nevertheless remain bound to the LESSOR for the fulfilment of all of its obligations under this Article VI.

Section 6.06 Repairs to BUILDINGS which may adversely affect the COMMERCIAL DEVELOPMENT

Notwithstanding anything contained in this lease, other than in circumstances which in the reasonable opinion of the LESSEE or the STRATA CORPORATION require emergency action the LESSEE and the STRATA CORPORATION covenant and agree with the LESSOR that before commencing any repairs or alterations to the BUILDINGS which adversely affect or could adversely affect the COMMERCIAL DEVELOPMENT or any part thereof or could materially adversely affect the operation of the COMMERCIAL DEVELOPMENT or any part thereof, the LESSEE and the STRATA CORPORATION shall obtain the written approval thereto of the LESSOR such approval of the LESSOR not to be unreasonably withheld and for such purpose the LESSEE and the STRATA CORPORATION will at its own expense prepare and



file with the LESSOR a reasonably detailed statement of the repairs or alterations to be undertaken by them sufficient to enable the LESSOR to assess the extent of the adverse or potentially adverse effect of such repairs or alterations upon the COMMERCIAL DEVELOPMENT or any part thereof or upon the operation of the COMMERCIAL DEVELOPMENT.

ARTICLE VII

DESTRUCTION OR DEEMED DESTRUCTION  
OF THE BUILDINGS

Section 7.01 STRATA TITLES ACT provisions

It is hereby acknowledged and agreed by and between the parties hereto that Part I of the STRATA TITLES ACT contains special provisions concerning insurance in section 30, concerning disposition on destruction of buildings in section 34 and concerning deemed destruction of the buildings in section 35 and the same by section 51 of the STRATA TITLES ACT are applicable to LEASEHOLD STRATA PLANS with the necessary changes and so far as are applicable to Part III of the STRATA TITLES ACT and sections 60, 61 and 62 contain further provisions in this regard and the parties hereto shall be entitled to exercise such rights and with such consequences as are therein set forth and in the event that there shall be any conflict or inconsistency between the rights and obligations of the parties herein contained and the said provisions of the STRATA TITLES act, the said provisions of the STRATA TITLES ACT shall prevail, PROVIDED HOWEVER that if any of the said provisions of the STRATA TITLES ACT are amended so as to make them no longer applicable to this lease, then on the date on which such amendment shall come into force, the provisions of Schedule "A" attached hereto shall apply mutatis mutandis to this lease and be binding on the parties to the extent that the said provisions of the STRATA TITLES ACT are no longer applicable hereto.

Section 7.02 Restoration, Reconstruction or Replacement  
of BUILDINGS where damage or destruction  
adversely affects COMMERCIAL DEVELOPMENT

It is acknowledged by the parties hereto that damage or destruction to all or any part of the BUILDINGS may adversely affect the COMMERCIAL DEVELOPMENT or any part thereof or the operation of the COMMERCIAL DEVELOPMENT or any part thereof, therefore, and notwithstanding anything contained in this lease, the LESSEE and the STRATA CORPORATION covenant and agree with the LESSOR, so far as it is legally possible, to take out and keep in force during the TERM a policy or policies of insurance

jointly with the lessees of or strata corporations representing the COMMERCIAL DEVELOPMENT, insuring the BUILDINGS and the COMMERCIAL DEVELOPMENT against loss or damage by fire and other perils as required under section 5.01 and in the event of damage or destruction which affects all or any part of the BUILDINGS and all or any part of the structures forming the COMMERCIAL DEVELOPMENT or any combination of them to join and cooperate with the lessees of or strata corporations representing the COMMERCIAL DEVELOPMENT and cause to be restored, reconstructed or replaced the BUILDINGS and the structures forming the COMMERCIAL DEVELOPMENT so damaged or destroyed as one co-ordinated restoration, reconstruction or replacement.



ARTICLE VIII

CHANGES, ALTERATIONS AND ADDITIONS

Section 8.01

The LESSEE or the STRATA CORPORATION shall have the right at any time during the TERM to make at its own expense such changes, alterations and additions to the interior of the STRATA LOT or the BUILDINGS provided that there is no decrease in the value resulting therefrom. The LESSEE or the STRATA CORPORATION shall not make or permit to be made any changes, alterations or additions affecting the structure of the BUILDINGS or the exterior appearance of the BUILDINGS without the written approval of the LESSOR thereto, which approval the LESSOR shall not withhold unreasonably. No changes, alterations or additions involving an estimated cost of more than Fifty Thousand (\$50,000.00) Dollars shall be undertaken until the LESSEE or the STRATA CORPORATION shall have submitted or caused to be submitted to the LESSOR drawings, elevations (where applicable), specifications (including the materials to be used), locations (where applicable) and exterior decoration and design of the proposed changes, alterations or additions and until the same have been approved in writing by the LESSOR, which approval the LESSOR agrees not to unreasonably withhold.

The LESSEE and the STRATA CORPORATION covenant and agree with the LESSOR that, subject to Article IX, all changes, alterations and additions undertaken by or for the LESSEE or the STRATA CORPORATION once begun shall be prosecuted with due diligence to completion, free and clear of all mechanics' liens or other liens, claims or encumbrances against the STRATA LOT, the SAID LANDS, the BUILDINGS or the LESSOR. All such changes, alterations, and additions shall meet the requirements of all municipal, provincial, federal, regional, school and other governmental authorities.

ARTICLE IX

UNAVOIDABLE DELAYS

Section 9.01

If, by reason of strike, lock-out or other labour dispute, material or labour shortage not within the control of the LESSEE or the STRATA CORPORATION, fire or explosion, flood, wind, water, earthquake, act of God or other similar circumstances beyond the reasonable control of the LESSEE or the STRATA CORPORATION and not avoidable by the exercise of reasonable effort or foresight by the LESSEE or the STRATA CORPORATION, the LESSEE or the STRATA CORPORATION is, in good faith and without default or neglect on its part, prevented or delayed in the repair of the STRATA LOT or the BUILDINGS or any part or parts of them which under the terms of this lease the LESSEE or the STRATA CORPORATION respectively is required to do by a specified date or within a specified time, the date or period of time within which the work was to have been completed shall be extended by the LESSOR by a reasonable period of time at least equal to that of such delay or prevention and the LESSEE or the STRATA CORPORATION shall not be deemed to be in default if it performs and completes the work in the manner required by the terms of this lease within such extended period of time, or within such further extended period of time as may be agreed upon from time to time between the LESSOR and the LESSEE or the STRATA CORPORATION as the case may be. If the LESSOR and the LESSEE or the STRATA CORPORATION as the case may be cannot agree as to whether or not there is a prevention or delay within the meaning of this section or they cannot agree as to the length of such prevention or delay, then such matter shall be determined by reference to arbitration in accordance with Section 19.01.



ARTICLE X

MECHANICS' LIENS

Section 10.01

- (a) The LESSEE shall, throughout the TERM at its own cost and expense, cause any and all mechanics' liens and other liens for labour, services or materials alleged to have been furnished with respect to the STRATA LOT, the SAID LANDS or the BUILDINGS, which may be registered against the STRATA LOT, to be paid, satisfied, released or vacated within forty-two (42) days after the LESSOR shall send to the LESSEE written notice by registered mail of any claim for any such lien, PROVIDED HOWEVER, that in the event of a bona fide dispute by the LESSEE of the validity or correctness of any claim for any such lien, the LESSEE shall not be bound by the foregoing but shall be entitled to defend against the same in any proceedings brought in respect thereof after first paying into Court the amount claimed or sufficient security therefor and such costs as the Court may direct and registering all such documents as may be necessary to cancel such lien, or providing such other security in respect of such claim as the LESSOR may in writing approve.
- (b) The STRATA CORPORATION shall, throughout the TERM at its own cost and expense, cause any and all mechanics' liens and other liens for labour, services or materials alleged to have been furnished with respect to the COMMON FACILITIES, COMMON PROPERTY, the SAID LANDS or the BUILDINGS, which may be registered against the COMMON FACILITIES, COMMON PROPERTY, the SAID LANDS or the BUILDINGS and are not the responsibility of the LESSEE under section 10.01(a), to be paid, satisfied, released or vacated within forty-two (42) days after the LESSOR shall send to the STRATA CORPORATION written notice by registered mail of any claim for any such lien, PROVIDED HOWEVER, that in the event of a bona fide dispute by the STRATA CORPORATION of the validity or correctness of any claim for any such lien, the STRATA CORPORATION shall



not be bound by the foregoing but shall be entitled to defend against the same in any proceedings brought in respect thereof after first paying into Court the amount claimed or sufficient security therefor and such costs as the Court may direct and registering all such documents as may be necessary to cancel such lien, or providing such other security in respect of such claim as the LESSOR may in writing approve.

ARTICLE XI

INSPECTION AND EXHIBITION BY LESSOR

Section 11.01 Inspection by LESSOR

The LESSEE and the STRATA CORPORATION agree with the LESSOR that it shall be lawful for a representative of the LESSOR at all reasonable times during the TERM to enter the STRATA LOT and the SAID LANDS and the BUILDINGS, or any of them, and to examine the condition thereof; and, further, that all wants of reparation required by section 6.02 which upon such views shall be found, and for the amendment of which notice shall be delivered or given by the LESSOR to the LESSEE or the STRATA CORPORATION, the LESSEE or the STRATA CORPORATION as the case may be, shall within sixty (60) days after every such notice or such longer period as provided in section 18.01(b) well and sufficiently repair and make good accordingly.

Section 11.02 Exhibition by LESSOR

During the final twelve (12) months of the TERM, unless this lease is renewed as provided in ARTICLE XXIV the LESSOR shall be entitled to display upon the SAID LANDS the usual signs advertising the STRATA LOT as being available for purchase or letting, provided such signs are displayed in such a manner as not to interfere unreasonably with the LESSEE's use and enjoyment of the STRATA LOT or the SAID LANDS.

## ARTICLE XII

OBSERVANCE OF GOVERNMENTAL  
REGULATIONS ETC.Section 12.01

The LESSEE and the STRATA CORPORATION covenant with the LESSOR that throughout the TERM the LESSEE and the STRATA CORPORATION respectively will comply with all provisions of law including without limitation, municipal, regional, provincial and federal legislative enactments, zoning and building by-laws, and any municipal, regional, provincial, federal or other governmental regulations which relate to the equipment, maintenance, operation and use of the STRATA LOT and the BUILDINGS respectively and to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the STRATA LOT or the BUILDINGS or any part thereof respectively. The LESSEE and the STRATA CORPORATION covenant to comply with all police, fire and sanitary regulations imposed by any municipal, regional, provincial, federal or other governmental authorities and to observe and obey all municipal, regional, provincial, federal and other governmental regulations and other legal requirements governing the use and occupation of the STRATA LOT or the BUILDINGS.



ARTICLE XIII

RIGHTS OF LESSOR AND LESSEE

Section 13.01

All rights and benefits and all obligations of the LESSOR and the LESSEE under this lease shall be rights, benefits and obligations of the LESSOR and the LESSEE respectively in their capacities as lessor and lessee respectively under this lease.

ARTICLE XIV

INDEMNITY

Section 14.01 Breach, Violation or Non-performance  
of covenants by LESSEE

- (a) The LESSEE shall indemnify and save harmless the LESSOR from any and all manner of actions, causes of actions, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of any breach, violation or non-performance of any covenant, condition or agreement in this lease set forth and contained on the part of the LESSEE to be fulfilled, kept, observed or performed;
- (b) The STRATA CORPORATION shall indemnify and save harmless the LESSOR from any and all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of any breach, violation or non-performance of any covenant, condition or agreement in this lease set forth and contained on the part of the STRATA CORPORATION to be fulfilled, kept, observed or performed.

Section 14.02 Injury, damage or loss of property

- (a) Notwithstanding the provisions of section 5.06 hereof, the LESSEE and the STRATA CORPORATION shall indemnify and save harmless the LESSOR from any and all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of:
  - (i) any injury to person or persons, including death resulting at any time therefrom, occurring in the STRATA LOT; and
  - (ii) any damage to or loss of property occasioned by the use and occupation of the STRATA LOT.

(b) Notwithstanding the provisions of section 5.06 hereof, the STRATA CORPORATION shall indemnify and save harmless the LESSOR from any and all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of:-

- (i) any injury to person or persons, including death resulting at any time therefrom occurring in or about the SAID LANDS or the BUILDINGS except that part thereof comprised in the STRATA LOT,
- (ii) any damage to or loss of property occasioned by the use and occupation of the SAID LANDS or the BUILDINGS except that part thereof comprised in the STRATA LOT,

Provided however that, except as otherwise required of the LESSEE under section 5.06, nothing contained herein shall require the LESSEE or the STRATA CORPORATION to indemnify the LESSOR against any actions, causes of action, suits, claims or demands for damages arising out of the wilful or negligent acts or omissions of the LESSOR, its servants, agents or contractors.

Section 14.03 Indemnification survives  
termination of lease

The obligations of the LESSEE or the STRATA CORPORATION (as the case may be) to indemnify the LESSOR under the provisions of section 3.01, 3.04, 3.05, 5.06, 14.01 and 14.02 hereof with respect to liability by reason of any matter arising during the TERM shall survive any termination of this lease, anything in this lease to the contrary notwithstanding.



ARTICLE XV

SUBLETTING AND ASSIGNING

Section 15.01 Subletting by LESSEE

- (a) The LESSEE may at any time and from time to time during the TERM sublease the STRATA LOT without the consent of the LESSOR;
- (b) Notwithstanding any such consent being given by the LESSOR under this section 15.01 and such subleasing being effected, the LESSEE shall remain bound to the LESSOR for the fulfilment of all of its obligations hereunder.
- (c) If requested by the LESSOR, a copy of any or all subleases shall be forwarded to the LESSOR within thirty (30) days of the conclusion of each transaction together with particulars of registration (if any) in the Vancouver Land Registry Office.

Section 15.02 Assignment by LESSEE

The LESSEE may at any time and from time to time during the TERM, assign, transfer or convey the STRATA LOT without the consent of the LESSOR; PROVIDED HOWEVER that such assignment, transfer or conveyance by the LESSEE of its leasehold interest in a STRATA LOT (other than by way of MORTGAGE) shall be subject to the following conditions:-

- (a) the assignment, transfer or conveyance shall be in the form attached hereto as Schedule "B" which forms a part of this lease with such additions, deletions or amendments thereto as are appropriate to the premises to be assigned and as are approved by the LESSOR and shall be executed by or on behalf of the vendor and purchaser named therein and the LESSOR before being deposited in the Vancouver Land Registry for registration;
- (b) a copy of all such assignments, transfers or conveyances shall be furnished to the LESSOR within thirty (30) days of the conclusion of each transaction together with particulars of registration in the Vancouver Land Registry Office.

ARTICLE XVI

MORTGAGE

Section 16.01 Assignment or subletting by way of MORTGAGE

Nothing herein contained shall be construed to prevent or prohibit the assignment or subletting by the LESSEE of the STRATA LOT by way of MORTGAGE, provided, however, that in the event of and notwithstanding any such assignment or subletting the LESSEE shall be and remain liable for the payment of all BASIC RENT and taxes and the performance of all the terms, covenants and conditions of this lease. Subject to the provisions of section 18.02 every MORTGAGE shall be made expressly subject to the rights of the LESSOR under this lease. If requested by the LESSOR, a copy of any or all MORTGAGES shall be furnished to the LESSOR together with particulars of registration in the Vancouver Land Registry within thirty (30) days of such request.

ARTICLE XVIIBANKRUPTCY OF LESSEESection 17.01

The parties agree, subject to the provisions of section 18.02, that:

- (a) if the LESSEE shall make a general assignment for the benefit of creditors; or
- (b) if the LESSEE shall institute proceedings to subject itself to the Winding-Up Act or to be adjudicated bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against the LESSEE or shall file an application or petition or answer or consent, seeking re-organization or re-adjustment of the indebtedness of the LESSEE under the Bankruptcy Act or the Companies' Creditors Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency or shall consent to the filing of any such application or petition or shall consent to the appointment of a receiver; or
- (c) if a receiver, interim receiver, trustee or liquidator of all or substantially all the property of the LESSEE shall be appointed or applied for by the LESSEE; or
- (d) if a judgment, decree or order shall be entered by a court of competent jurisdiction adjudging the LESSEE a bankrupt or insolvent or subject to the provisions of the Winding-Up Act or Bankruptcy Act or determining that proceedings for re-organization, arrangement, adjustment, composition, liquidation, dissolution or winding-up or any similar relief under the Bankruptcy Act or the Companies' Creditors Arrangement Act or any law of Canada or any province thereof relating to bankruptcy or insolvency have been properly instituted otherwise than by the LESSEE, provided that such judgment, decree or order is not in good faith contested by the LESSEE;



the LESSOR may, unless the LESSEE voluntarily surrenders the STRATA LOT to the LESSOR, apply to the Supreme Court of British Columbia for an order for sale as provided in section 54A of Part III of the STRATA TITLES ACT.

ARTICLE XVIII

DEFAULT

Section 18.01 Procedure in the event of default

- (a) Subject to the provisions of section 18.02, if
- (i) the LESSEE shall default in payment of ADDITIONAL RENT, BASIC RENT or taxes (except taxes, if any, payable under section 3.01) and such default shall continue for a period of thirty (30) days after written notice of intention to terminate this lease by reason of such default shall have been given by the LESSOR to the LESSEE; or
  - (ii) the LESSEE shall default in performing or observing any of its covenants or obligations under this lease (other than those referred to in sections 17.01 and 18.01(a)(i)) or if the STRATA CORPORATION shall default in performing or observing any of its covenants or obligations under this lease (other than those referred to in section 18.01(b)) and the LESSOR shall have given to the LESSEE notice of such default and at the expiration of sixty (60) days after the giving of such notice the default shall continue to exist or, in the case of a default which cannot with due diligence be cured within the period of sixty (60) days aforesaid, the LESSEE fails to proceed promptly after the giving of such notice to cure such default;

the LESSOR may unless the LESSEE voluntarily surrenders the STRATA LOT to the LESSOR, apply to the Supreme Court of British Columbia for an Order for sale as provided in section 54A of Part III of the STRATA TITLES ACT.

- (b) If the STRATA CORPORATION shall default in performing or observing any of its covenants or obligations under this lease as the same relate to the COMMON PROPERTY or the COMMON FACILITIES and the LESSOR shall have given to the LESSEE and the STRATA CORPORATION and to each MORTGAGEE who has filed with the LESSOR notice of its MORTGAGE specifying an address for notice hereunder, notice specifying such default and at the expiration of sixty (60) days after the giving of

such notice the default shall continue to exist or, in the case of a default which cannot with due diligence be cured within the period of sixty (60) days aforesaid, the STRATA CORPORATION fails to proceed promptly after the giving of such notice to cure such default, the LESSOR may:-

- (i) cure the specified default, although not obliged to do so, and any amount paid by the LESSOR in curing such default, together with all costs and expenses of the LESSOR shall be reimbursed to the LESSOR by the STRATA CORPORATION; in default of reimbursement by the STRATA CORPORATION the LESSEE's share of the amount so paid and the said costs and expenses of the LESSOR (which share shall be determined as hereafter set forth) may be recovered by the LESSOR from the LESSEE as BASIC RENT. In apportioning any amount to which the LESSOR is entitled to reimbursement by the STRATA CORPORATION such amount shall be borne by the LESSEE in the proportion that the UNIT ENTITLEMENT of the LESSEE's STRATA LOT bears to the aggregate UNIT ENTITLEMENT of all of the STRATA LOTS from time to time; or
- (ii) bring an action against the STRATA CORPORATION to remedy the specified default or recover the amount so paid by the LESSOR in curing the default and all costs and expenses of the LESSOR.

Section 18.02 Notice to and remedies of MORTGAGEE

- (a) No Order for the sale of the LESSEE's interest in the STRATA LOT or this lease or re-entry by the LESSOR or a judgment against the STRATA CORPORATION arising out of an action brought by the LESSOR under section 18.01(b) shall be valid against the MORTGAGEE who has filed with the LESSOR notice of MORTGAGE in favour of the MORTGAGEE and specified an address for notice hereunder unless the LESSOR shall first have given to the MORTGAGEE notice of the default entitling the LESSOR to make application for such Order for sale or to re-enter or to bring an action against the STRATA CORPORATION as aforesaid, specifying the



nature of that default, and stating the LESSOR's intention to take such proceedings and requiring the MORTGAGEE:

- (i) to cure the default specified in the notice within a period of sixty (60) days from the date of receipt of that notice by the MORTGAGEE; or
- (ii) if the default cannot reasonably be cured within such sixty (60) day period, then to immediately proceed with due diligence to cure the default as soon as reasonably possible,

and the LESSOR hereby grants the MORTGAGEE access to the STRATA LOT for that purpose. If the default is cured within the period specified, the MORTGAGEE shall be entitled to continue as tenant for the balance of the TERM remaining at the date of the notice of default providing that the MORTGAGEE attorns as tenant to the LESSOR and undertakes to be bound by and to perform the covenants and agreements of this lease; PROVIDED HOWEVER that in the event the MORTGAGEE consists of more than one mortgagee each having a separate charge upon the LESSEE's interest in this lease, and more than one of them wishes to cure the default specified in the notice aforesaid, then the LESSOR hereby agrees to permit curing of the default specified as aforesaid and the assumption of the balance of the TERM as aforesaid by that mortgagee which is willing to cure and assume as aforesaid and whose charge ranks in priority over the charge or charges held by the other mortgagee or mortgagees willing to cure and assume as aforesaid; EXCEPT THAT in the event any MORTGAGEE has commenced a foreclosure action the provisions of section 18.02(b) shall apply.

- (b) In the event the MORTGAGEE commences foreclosure proceedings against the LESSEE, whether or not the LESSEE or the STRATA CORPORATION is in default of the performance of its covenants and agreements with the LESSOR under this lease at the time such foreclosure proceedings are commenced, the LESSOR shall not make application for an Order for the sale of the LESSEE's interest in the STRATA LOT or this lease or re-enter after the commencement of foreclosure proceedings on the ground of any default entitling the LESSOR to such Order for sale or to re-enter if the MORTGAGEE:

- (i) shall first have given to the LESSOR notice of the foreclosure proceedings;
- (ii) is actively prosecuting the foreclosure proceedings;
- (iii) cures the default within a period of sixty (60) days from the date of receipt of notice from the LESSOR specifying the nature of the default, or if the default cannot be reasonably cured within such sixty (60) day period, immediately proceeds with due diligence to cure the default as soon as reasonably possible;
- (iv) performs and observes all of the LESSEE's covenants and agreements under this lease and without undue delay diligently prosecute to a conclusion the foreclosure proceedings commenced by the MORTGAGEE.

In the event that the MORTGAGEE acquires title to the LESSEE's interest in the STRATA LOT pursuant to the foreclosure proceedings, it shall thereupon become subrogated to the rights of the LESSEE under this lease provided it attorns to the LESSOR as tenant and undertakes to be bound by and perform the covenants and agreements of this lease. PROVIDED HOWEVER that in the event the MORTGAGEE consists of more than one mortgagee and more than one of them commences foreclosure proceedings, the right to cure any default granted by this section 18.02(b) to a foreclosing mortgagee shall be deemed granted to them in the order of priority of the charges held by the foreclosing mortgagees.

- (c) No entry upon the STRATA LOT by the MORTGAGEE pursuant to this section 18.02 for the purpose of curing any default or defaults of the LESSEE or the STRATA CORPORATION shall release or impair the continuing obligations of the LESSEE.

Section 18.03 Default in payment of taxes (if any)  
payable by Section 3.01

The provisions of section 18.01 shall not apply to a default by the LESSEE in payment of taxes payable by

section 3.01 while the City of Vancouver shall be the LESSOR and the City of Vancouver as LESSOR shall be limited in its rights of recovery of taxes to such statutory right as it now has or may hereafter be conferred upon it with respect to inter alia the STRATA LOT to sell the interest in land of the LESSEE hereunder for non-payment of taxes and in its right to recover penalties and interest on taxes in accordance with its statutory rights hereafter conferred upon it. The LESSOR agrees to deliver to any MORTGAGEE who has filed with the LESSOR notice of its MORTGAGE such notices as may be hereafter prescribed by statute to be given by the City of Vancouver to the person or persons primarily liable therefor.

Section 18.04 Remedies of LESSOR are cumulative

The remedies of the LESSOR specified in this lease are cumulative and are in addition to any remedies of the LESSOR at law or equity. No remedy shall be deemed to be exclusive, and the LESSOR may from time to time have recourse to one or more or all of the available remedies specified herein or at law or equity. In addition to any other remedies provided in this lease, the LESSOR shall be entitled to restrain by injunction any violation or attempted or threatened violation by the LESSEE or the STRATA CORPORATION of any of the covenants or agreements hereof.

Section 18.05 Waiver by LESSOR

The failure of the LESSOR to insist upon the strict performance of any covenant or agreement of this lease shall not waive such covenant or agreement, and the waiver by the LESSOR of any breach of any covenant or agreement of this lease shall not waive such covenant or agreement in respect of any other breach. The receipt and acceptance by the LESSOR of rent or other monies due hereunder with knowledge of any breach of any covenant or agreement by the LESSEE shall not waive such breach. No waiver by the LESSOR shall be effective unless made in writing.



ARTICLE XIX

ARBITRATION

Section 19.01

If the LESSOR and the LESSEE do not agree as to any of the matters which, if no agreement is reached upon them, are by the provisions hereof to be determined by arbitration, any such disagreement shall be referred to three arbitrators, one of whom shall be chosen by the LESSOR, one by the LESSEE, and the third by the two so chosen and the third arbitrator so chosen shall be the chairman. The award may be made by the majority of the arbitrators. If within fifteen (15) days or such extended time as the parties may agree upon, a party who has been notified of a dispute fails to appoint an arbitrator or the two arbitrators appointed by the parties do not agree upon a third arbitrator, then the party or parties not in default may apply to the Supreme Court of British Columbia for the appointment by the Supreme Court of British Columbia of an arbitrator to represent the party or parties in default or a third arbitrator or both of such arbitrators. The costs of the reference and award shall be in the discretion of the arbitrators who may direct to and by whom and in what manner those costs or any part thereof shall be paid and may tax or settle the amount of costs to be so paid or any part thereof and may award costs to be paid as between solicitor and client. Except as to matters otherwise provided herein, the provisions of the Arbitration Act of British Columbia, R.S.B.C. 1960, Chapter 14 as amended from time to time, shall apply.

ARTICLE XX

CERTAIN COVENANTS AND AGREEMENTS OF LESSEE

Section 20.01 Conduct on demised premises

The LESSEE and the STRATA CORPORATION and each of them agree with the LESSOR that they will not carry on nor do, nor allow to be carried on or done upon the STRATA LOT (as to the LESSEE), the SAID LANDS or in the BUILDINGS except that part comprised in the STRATA LOT (as to the STRATA CORPORATION) any work, business or occupation which may be a nuisance or which may be improper, noisy or contrary to any law or to any by-law of the City of Vancouver for the time being in force.

Section 20.02 Provision of additional public vehicular transportation

The LESSEE covenants and agrees with the LESSOR that if in the reasonable opinion of the LESSOR the public transit system in the City of Vancouver does not from time to time during the TERM adequately serve those persons who occupy that area (in this section 20.02 referred to as the "Area") of the City of Vancouver bounded on the west by the northerly projection of the easterly boundary of Birch Street, on the south by the northerly boundary of Sixth Avenue, on the east by the northerly projection of the westerly boundary of Ash Street and on the north by False Creek and as a result, the LESSOR deems it necessary to provide or cause the provision of additional public vehicular transportation to connect with the then existing transit system in order to more adequately serve such persons, then a fair and equitable portion of any and all costs and expenses incurred by the LESSOR in providing or causing the provision of such additional public vehicular transportation shall be reimbursed to the LESSOR by the LESSEE. It is understood and agreed between the parties that the portion of the costs and expenses of such additional public vehicular transportation assessed against the LESSEE under this section 20.02 shall be no greater than the portion of the costs and expenses therefor assessed against the owners or lessees of other STRATA LOTS in the Area. If the LESSOR and the LESSEE are unable to agree on the portion of such costs and expenses to be assessed against the LESSEE, the LESSEE through the

STRATA CORPORATION may appeal the matter to the City Council and the decision of the City Council as to the portion of such costs and expenses to be assessed against the LESSEE shall be final and binding upon the parties. If the LESSEE shall, following the final determination of the LESSEE's portion of the costs and expenses of such additional public vehicular transportation fail to reimburse or pay to the LESSOR the LESSEE's portion of such costs and expenses within thirty (30) days after receipt from the LESSOR of a written account therefor, then the LESSEE's portion of such costs and expenses may be collected by the LESSOR as BASIC RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of rent in arrears.



ARTICLE XXI

SURRENDER OF LEASE

Section 21.01

At the expiration or sooner determination of the TERM, unless this lease is renewed as provided in Article XXIV, the LESSEE shall surrender the STRATA LOT (including the interest of the LESSEE in any COMMON FACILITY) to the LESSOR in the condition in which it was required to be kept by the LESSEE under the provisions of this lease, except as herein otherwise expressly provided.

ARTICLE XXII

QUIET ENJOYMENT AND LESSEE'S  
FIXTURES

Section 22.01. Covenant for Quiet Enjoyment

If the LESSEE pays the rent hereby reserved and the other charges, and the LESSEE and the STRATA CORPORATION perform the covenants hereinbefore on their parts respectively, herein contained, the LESSEE shall and may peaceably enjoy and possess the STRATA LOT for the TERM, without any interruption or disturbance whatsoever from the LESSOR or any other person, firm or corporation lawfully claiming from or under the LESSOR provided however that nothing in this section 22.01 shall limit the rights of inspection conferred upon the LESSOR by Section 11.01 or the right of the LESSOR to show the SAID LANDS and the BUILDINGS and to post notice, pursuant to Section 11.02.

Section 22.02 Removal of LESSEE'S Fixtures

At the expiry or earlier termination of the TERM or any renewal of it, the LESSEE and the STRATA CORPORATION may remove their fixtures and the fixtures of any subtenants and licencees and any persons claiming through or under them. Nothing herein shall prevent the LESSEE or the STRATA CORPORATION from conferring on tenants or occupants of the BUILDINGS the right of property in, or the right to remove, fixtures or improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the BUILDINGS or the SAID LANDS. The LESSEE and the STRATA CORPORATION shall make good or shall cause such subtenants, licencees and other persons to make good, any damage to the BUILDINGS caused by any removal of tenants' fixtures.

ARTICLE XXIII

OVERHOLDING

Section 23.01

The LESSEE covenants and agrees with the LESSOR that if the LESSEE shall hold over and the LESSOR shall accept rent after the expiration of the TERM, unless this lease is renewed as provided in Article XXIV, the new tenancy thereby created shall be a tenancy from month to month at the monthly rent paid by the LESSEE in respect of the last month of the TERM, and not a tenancy from year to year and shall be subject to the covenants and conditions herein contained so far as the same are applicable to a tenancy from month to month.



ARTICLE XXIV

RENEWAL OF LEASE

Section 24.01 Renewal Leases

- (a) Special provisions concerning the renewal of this lease by the LESSOR are contained in section 55 of the STRATA TITLES ACT and except as otherwise provided in section 24.01(b) the provisions of section 55 apply to this lease; the parties hereto agree to conform with and be bound by the said provisions so far as they relate to this lease.
- (b) Where the LESSOR elects to renew this lease or is deemed to have elected to renew the same under section 55 of the STRATA TITLES ACT the renewal shall be on the same terms and conditions as are herein contained, mutatis mutandis, except that the term shall be five (5) years unless the LESSOR elects to renew for a longer period and the rent shall be determined as follows, that is to say,
  - (i) the rent payable by the LESSEE during each renewal term shall be such annual sum as may be agreed upon in writing by and between the LESSOR and the LESSEE, provided however that if the LESSOR and the LESSEE do not agree in writing upon the rent for any renewal term at least six (6) months prior to the end of the TERM or six (6) months prior to the end of the renewal term immediately preceding the renewal term the rent for which has yet to be determined, the rent for such last-mentioned renewal term shall be that share of the current market rental value of the SAID LANDS apportioned to the STRATA LOT in accordance with the schedule filed under section 3(1)(g) of the STRATA TITLES ACT at the date which shall be six (6) months prior to the end of the TERM or six (6) months prior to the end of the renewal term immediately preceding the renewal term the rent for which has yet to be determined and such market rental value shall be determined by arbitration. The arbitrators

shall within the said six (6) month period appraise and determine the current market rental value of the aforesaid part of the SAID LANDS. If the arbitrators shall not have determined such current market rental value within the said six (6) month period, the LESSEE shall pay to the LESSOR during the renewal term pending such determination rent as provided in section 24.01(b)(ii). The LESSEE covenants and agrees to pay the annual rent as so determined for each renewal term in twelve (12) monthly instalments in advance, on the first day of each month in each year during each renewal term, provided however, that should the date upon and from which such rent first begins to accrue be a date other than the first day of a month, such rent shall be apportioned accordingly as to the first and last months of the renewal term. In determining the current market rental value of the aforesaid part of the SAID LANDS pursuant to this section 24.01(b), the arbitrators shall exclude from such determination the value of the BUILDINGS in and upon the SAID LANDS (as if the same were unimproved).

- (ii) If the annual rent at any time payable under any renewal of this lease is subject to a revision which is dependent upon a determination to be made pursuant to the provisions of this section 24.01(b) but which has not then been made, and if consequently, the amount of the revision of the rent cannot be ascertained within the time limited herein, the LESSEE shall, pending the making of the computation, continue to pay monthly instalments calculated at one-twelfth (1/12) of the annual rent payable in the last year of the TERM or any subsequent renewal thereof, as the case may be, and when the revised annual rent has been ascertained, the LESSEE shall pay to the LESSOR the amount, if any, by which the monthly instalments of the revised annual rent payable prior to the date thereof exceeds the amount actually paid between the termination of this lease or any subsequent renewal thereof, as the case may be, and the final determination of the revised annual rent, together with interest at the rate of three per cent (3%) per



annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver on such excess amount or the LESSOR shall credit the LESSEE against future instalments of annual rent with any overpayment, together with interest at the rate of three per cent (3%) per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver on such overpayment.

- (c) When the rent has been determined (by agreement or arbitration) for any renewal of this lease under section 24.01(b) the LESSOR shall prepare, execute and deliver to the LESSEE not less than three (3) copies of the renewal of this lease in a form acceptable for registration in the Vancouver Land Registry Office and the LESSEE shall execute the renewal lease, attend to the registration thereof and deliver an executed copy of the same to the LESSOR. All fees for the registration of the renewal of this lease in the Vancouver Land Registry Office shall be borne by the LESSEE.



ARTICLE XXV

PURCHASE OF LESSEE'S INTEREST  
IN STRATA LOT

Section 25.01

- (a) Special provisions concerning the purchase of the LESSEE'S interest in the STRATA LOT by the LESSOR are contained in sections 54 and 55(4) of the STRATA TITLES ACT and except as otherwise provided in section 24.01(b) the provisions of sections 54 and 55(4) apply to this lease; the parties hereto agree to conform with and be bound by the said provisions so far as they relate to this lease.
- (b) Upon the termination of this lease or any subsequent renewal thereof by effluxion of time without formal renewal or under section 62(2) of the STRATA TITLES ACT the LESSOR shall purchase the LESSEE'S interest in the STRATA LOT. The purchase price of the LESSEE'S interest in the STRATA LOT shall be its fair market value as agreed between the LESSOR and the LESSEE. If the LESSOR and the LESSEE cannot agree upon the purchase price of the LESSEE'S interest in the STRATA LOT within 60 days (or such extended period as the parties may mutually agree upon) following the termination of this lease as aforesaid then the purchase price shall be the fair market value of the LESSEE'S interest in the STRATA LOT as determined by arbitration. For the purposes of assessing such fair market value and in furtherance to the provisions of the STRATA TITLES ACT the LESSEE'S interest in the STRATA LOT shall be determined:
  - (i) as if this lease did not terminate,
  - (ii) on the basis that the STRATA LOT is free of all liens, charges and encumbrances,
  - (iii) on the basis that the SAID LANDS may be used only for the purposes set forth in this lease, and the purchase price shall be calculated as of the date

of termination or non-renewal of this lease.

- (c) The purchase price of the LESSEE'S interest in the STRATA LOT shall be paid less any amounts owing to the LESSOR by the LESSEE and any amounts paid by the LESSOR to satisfy any MORTGAGE, encumbrance, lien, judgment, taxes or other charges registered in the Vancouver Land Registry Office against this lease and any other normal adjustments not later than fifteen (15) days after the purchase price shall have been determined pursuant to this ARTICLE XXV (either by agreement or arbitration) and in exchange for which the LESSEE shall deliver without cost to the LESSOR a deed of surrender and conveyance of the LESSEE'S interest in the STRATA LOT in form acceptable to the LESSOR and such as to effectively surrender and convey to the LESSOR all of the interest, right and title of the LESSEE in the STRATA LOT together with vacant possession of the STRATA LOT.
- (d) In the event that subsequent to the date on which the LESSOR is obliged to purchase the STRATA LOT hereunder, the STRATA LOT or any portion thereof shall be damaged by fire or other casualty any insurance monies or right to insurance monies resulting from loss or damage to the STRATA LOT or any portion thereof required to be purchased by the LESSOR and not applied in accordance with the terms of this lease shall be turned over to the LESSOR upon completion of the sale.

ARTICLE XXVI

NOTICE

Section 26.01

All notices, demands and requests which may or are required to be given pursuant to this lease shall be in writing and shall be sufficiently given if served personally upon the party or an executive officer of the party for whom it is intended or mailed prepaid and registered, in the case of the LESSOR addressed to:

City Clerk  
City Hall  
453 West 12th Avenue  
Vancouver, British Columbia

and to:

Director of Legal Services  
Law Department, City Hall  
453 West 12th Avenue  
Vancouver, British Columbia

and in the case of the LESSEE addressed to:

Frank Stanzl Construction Ltd.  
6625 Fraser Street  
Vancouver, British Columbia

and in the case of the STRATA CORPORATION addressed to:

or at such other addresses as the parties may from time to time advise by notice in writing. MORTGAGEES hereof shall supply their respective mailing addresses to the LESSOR, the LESSEE and the STRATA CORPORATION. The date of receipt of any such notice, demand or request shall be deemed to be the date of delivery if such notice, demand or request is served personally or if mailed as aforesaid on the second business day next following the date of such mailing, PROVIDED HOWEVER that if mailed, should there be between the time of mailing and the actual receipt of the notice a mail strike, slow down of postal service or other labour dispute which affects the delivery of such notice, then such notice shall be deemed to be received when actually delivered.



ARTICLE XXVII

ACCESS

Section 27.01 Entry upon COMMERCIAL DEVELOPMENT  
for purpose of supporting BUILDINGS

The LESSOR, so far as it lawfully can but not otherwise, hereby grants permission to the STRATA CORPORATION to enter upon the COMMERCIAL DEVELOPMENT to repair, renew, replace, maintain, construct or inspect or cause to be repaired, renewed, replaced, maintained, constructed or inspected the structure of the COMMERCIAL DEVELOPMENT or any part thereof supporting and maintaining the BUILDINGS (including without limiting the generality of the foregoing those columns, supporting walls, floors and ceilings of the COMMERCIAL DEVELOPMENT supporting and maintaining the BUILDINGS) to the extent necessary to ensure the use and enjoyment by the LESSEE of the SAID LANDS and the BUILDINGS.

Section 27.02 Entry upon COMMERCIAL DEVELOPMENT for the  
enjoyment and operation of BUILDINGS

The LESSOR, so far as it lawfully can but not otherwise, grants permission to the STRATA CORPORATION to enter upon the COMMERCIAL DEVELOPMENT to the extent necessary to ensure the use and enjoyment by the LESSEE of the SAID LANDS and the BUILDINGS and the efficient operation thereof, to inspect the same and to repair, renew, replace, maintain or alter elevators, heating and air conditioning equipment, water and sewer mains and connections, water, steam and gas pipes, electric cables, wires, ducts and conduits and all other fixtures in and appurtenances to the COMMERCIAL DEVELOPMENT or any part thereof and the machinery and equipment used or required in the operation thereof whether or not enumerated herein, for the time being existing on or in the COMMERCIAL DEVELOPMENT and capable of being used in connection with the enjoyment of or required for the operation of the SAID LANDS and BUILDINGS or any part thereof or to maintain, repair, replace, alter or renew any part of the COMMERCIAL DEVELOPMENT used in common by or available for the use of the tenants, occupiers, licensees and permittees of the SAID LANDS and BUILDINGS or the COMMERCIAL DEVELOPMENT.

Section 27.03 Permission granted to LESSEE to right of  
passage through COMMERCIAL DEVELOPMENT

The LESSOR, so far as it lawfully can but not otherwise, hereby grants permission to the LESSEE for itself and its tenants, servants, contractors, subcontractors, agents, licensees, permittees and invitees during the TERM in common with the LESSOR, its tenants, servants, contractors, subcontractors, agents, licensees, permittees and invitees to enter, go, pass and repass as pedestrians, with or without handcars, shopping carts, wheelchairs and similar modes of conveyance, to, through, along and over that part of the COMMERCIAL DEVELOPMENT containing 8009 cubic feet more or less, outlined in red on the plan prepared by J.M. Parnell, B.C.L.S., dated October 6, 1978, and attached to and marked Schedule "A" to the PARCEL TWO EASEMENT AGREEMENT which is required to gain pedestrian access as aforesaid from the motor vehicle garage in the demised premises to the hallway in the demised premises.

Section 27.04

The permission granted under this Article XXVII is granted pursuant to the PARCEL TWO EASEMENT AGREEMENT and is at all times subject to the terms and conditions thereof.



ARTICLE XXVII

MISCELLANEOUS

Section 28.01 Conflict between provisions of model  
STRATA LOT lease and STRATA TITLES ACT

In the event that the duties and obligations of the LESSOR, the LESSEE or the STRATA CORPORATION under the terms of this model STRATA LOT lease conflict or are inconsistent with the provisions of the STRATA TITLES ACT applicable to leasehold STRATA LOTS the said provisions of the STRATA TITLES ACT shall prevail.

Section 28.02 Statements of good standing

The LESSOR, the LESSEE and the STRATA CORPORATION agree that at any time and from time to time upon not less than thirty (30) days' prior request, each will execute, acknowledge and deliver to the other a statement in writing certifying:

- (a) that this lease is unmodified and in full force and effect or if there have been modifications that the same is in full force and effect as modified and identifying the modifications;
- (b) the dates to which the rent and other charges have been paid and the request shall specify the charges in respect of which such information is required; and
- (c) that, so far as the maker of the statement knows, the party who requests the statement is not in default under any provisions of this lease, or, if in default, the particulars thereof.

Section 28.03 Time is of the essence

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



Section 28.04 Modifications and amendments

This lease may not be modified or amended except by an instrument in writing of equal formality herewith executed by the LESSOR, the LESSEE and the STRATA CORPORATION or by the successors or assigns of the LESSOR and the successors or permitted assigns of the LESSEE.

Section 28.05 Execution of model STRATA LOT lease by STRATA CORPORATION

- (a) Until the STRATA CORPORATION executes this lease and delivers the same to the LESSOR following the deposit of the LEASEHOLD STRATA PLAN in accordance with section 29.03 of the GROUND LEASE the LESSEE shall observe and perform all of those covenants, conditions and agreements which the STRATA CORPORATION would have been bound to observe and perform by the terms of this lease and in default thereof the LESSEE shall be bound by the provisions of Section 18.01(b); the LESSEE may exercise the rights granted to the STRATA CORPORATION hereunder that the STRATA CORPORATION could have exercised had it executed and delivered the same as aforesaid.
- (b) If at any time during the TERM the STRATA CORPORATION does not have the right, power and authority to observe or perform any of the covenants, conditions and agreements which the STRATA CORPORATION is bound to observe and perform by the terms of this lease then the LESSEE shall observe and perform all of those covenants, conditions and agreements which the STRATA CORPORATION would have been obligated to observe and perform had the STRATA CORPORATION such right, power and authority.

Section 28.06 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 28.07 Enurement

It is further agreed and declared by the LESSOR and the LESSEE that these presents shall extend to, be binding upon and enure to the benefit of the LESSOR, the LESSEE and the STRATA CORPORATION and their respective administrators, successors and assigns and if there is more than one LESSEE named the word "LESSEE" shall be deemed to include each of such LESSEES (as the case may be) their several administrators, successors and assigns, severally as well as jointly.

The Corporate Seal of the )  
CITY OF VANCOUVER was hereunto )  
affixed in the presence of: )

The Corporate Seal of FRANK STANZL CONSTRUCTION LTD. was hereunto affixed in the presence of:

The Corporate Seal of THE  
STRATA CORPORATION was  
hereunto affixed in the  
presence of:



SCHEDULE "A"

This is the Schedule referred to in Section  
7.01 of the MODEL STRATA LOT LEASE

DAMAGE OR DESTRUCTION

Section 7.01 Rent not to abate

The partial destruction or damage or complete destruction by fire or other casualty of the BUILDINGS shall not terminate this lease or entitle the LESSEE to surrender possession of the STRATA LOT or to demand any abatement or reduction of the BASIC RENT or ADDITIONAL RENT or other charges payable under this lease, any law or statute now or in the future to the contrary notwithstanding.

Section 7.02 LESSEE'S obligations when BUILDINGS  
damaged or partially destroyed

The STRATA CORPORATION and the LESSEE covenant and agree with the LESSOR that in the event of damage to or partial destruction of the BUILDINGS the STRATA CORPORATION and the LESSEE shall either (a) replace any part of the BUILDINGS destroyed with a new structure in accordance with any agreement which may be made by the LESSEE with the LESSOR, or (b) repair or replace such damage or destruction in the absence of any such agreement.

Section 7.03 LESSEE's obligations when BUILDINGS  
completely or substantially destroyed

The STRATA CORPORATION and the LESSEE covenant and agree with the LESSOR that in the event of complete or substantially complete destruction of the BUILDINGS the STRATA CORPORATION and the LESSEE shall either (a) reconstruct or replace the BUILDINGS with a new structure or structures in accordance with any agreement which may be made by the LESSEE with the LESSOR, or (b) in the absence of any such agreement, replace the BUILDINGS with a new structure or structures, comparable to the structure or structures being replaced which shall cost not less than approximately the amount of the insurance monies payable and paid by reason of such destruction.

Schedule "A" to Model Strata  
Lot Lease continued

Section 7.04 Replacement, repair or reconstruction under  
section 7.02 or 7.03 to be carried out in  
compliance with sections 6.02 and 8.01

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Any replacement, repair or reconstruction of the  
BUILDINGS or any part thereof pursuant to the provisions of  
section 7.02 or 7.03 hereof shall be made or done in compliance  
with the provisions of sections 6.02 and 8.01 hereof.

Section 7.05 Restoration, Reconstruction or Replacement  
of BUILDINGS where damage or destruction  
adversely affects the COMMERCIAL DEVELOPMENT

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It is acknowledged by the parties hereto that damage  
or destruction to all or any part of the BUILDINGS may adversely  
affect the COMMERCIAL DEVELOPMENT or any part thereof or the  
operation of the COMMERCIAL DEVELOPMENT or any part thereof,  
therefore, and notwithstanding anything contained in this lease,  
the LESSEE and the STRATA CORPORATION covenant and agree with  
the LESSOR, so far as it is legally possible, to take out and  
keep in force during the TERM a policy or policies of insurance  
jointly with the lessees of or strata corporations representing  
the COMMERCIAL DEVELOPMENT, insuring the BUILDINGS and the  
COMMERCIAL DEVELOPMENT against loss or damage by fire and other  
perils as required under section 5.01 and in the event of  
damage or destruction which affects all or any part of the  
BUILDINGS and all or any part of the structures forming the  
COMMERCIAL DEVELOPMENT or any combination of them to join and  
cooperate with the lessees of or strata corporations represen-  
ting the COMMERCIAL DEVELOPMENT and cause to be restored, recon-  
structed or replaced the BUILDINGS and the structures forming  
the COMMERCIAL DEVELOPMENT so damaged or destroyed as one co-  
ordinated restoration, reconstruction or replacement.

SCHEDULE "D"

This is the schedule referred to in Section  
15.02(a) of the MODEL STRATA LOT LEASE

ASSIGNMENT

THIS INDENTURE made the                      day of

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BETWEEN:

(hereinafter called the "Vendor")

OF THE FIRST PART

AND:

(hereinafter called the "Purchaser")

OF THE SECOND PART

AND:

CITY OF VANCOUVER

(hereinafter called the "City")

OF THE THIRD PART

WHEREAS:

A. By a ground lease dated as of the 1st day of July, 1976,  
the City, as lessor, demised and leased to the Frank Stanzl  
Construction Ltd., as lessee, those lands in the City of  
Vancouver, in the Province of British Columbia, more particularly  
known and described as

Air Space Parcel 1 of Lot 7, False Creek, Air Space Plan 6

(hereinafter called the "said lands") registered in the  
Vancouver Land Registry Office under registration number  
on the terms and conditions therein contained (hereinafter  
called the "ground lease");



Schedule "B" to Model  
Strata Lot Lease

B. The said lands have been subdivided into strata lots by the deposit of a leasehold strata plan in the Vancouver Land Registry Office in accordance with the provisions of the Strata Titles Act, Chapter 89, S.B.C. 1974, and the Land Registry Act, Chapter 208, R.S.B.C. 1960;

C. The said leasehold strata plan has been deposited in the Vancouver Land Registry Office and the Vancouver Land Registrar has issued in the name of the City, the registered owner in fee simple of the said lands included in the leasehold strata plan, new certificates of title to each of the strata lots shown upon the leasehold strata plan;

D. The deposit of the said leasehold strata plan converted the Ground Lease into individual leases in the name of Frank Stanzl Construction Ltd. in respect of the interest of the City in each strata lot including its share in the common property, at a rent premium or other consideration, and subject to the applicable terms and conditions contained in the Ground Lease and in the model strata lot lease attached thereto and to the provisions of the said Strata Titles Act and the regulations thereto (each individual lease created as aforesaid being hereinafter referred to as the "lease");

E. The Vendor, at the request of the Purchaser, has agreed to assign to the Purchaser for the sum of \$ \_\_\_\_\_ the Vendor's interest in:

Lot \_\_\_\_\_, False Creek  
Leasehold Strata Plan Vr \_\_\_\_\_  
together with an interest in the common  
property in proportion to the unit entitlement  
shown on Form 1 of the Strata Plan

(hereinafter called the "Strata Lot")

for all the residue now unexpired of the said term subject to the rent hereinafter reserved and to the performance and observance of the covenants on the part of the Lessee and the conditions contained in the lease so far as the same relate to the Strata Lot.

F. The City hereby consents to this assignment.

NOW THIS INDENTURE WITNESSETH as follows:

1. In consideration of the sum of \$ \_\_\_\_\_ paid by the

Purchaser to the Vendor (the receipt whereof is hereby by the Vendor acknowledged), the Vendor as beneficial owner hereby assigns to the Purchaser the Vendor's interest in the Strata Lot. TO HOLD unto the Purchaser for all the residue now unexpired of the term of the lease subject henceforth to the payment to the City of the rent hereby reserved in paragraph 2 of this assignment and to the performance and observance of the covenants on the part of the lessee and the conditions contained in the lease so far as the same relate to the Strata Lot.

2. The Purchaser covenants and agrees with the City that during all the residue now unexpired of the term of the lease, the Purchaser will pay to the lessor rent reserved in the lease and payable in accordance therewith.

3. The Purchaser covenants with the Vendor and the City and each of them that the Purchaser shall during all the residue now unexpired of the term of the lease and every renewal thereof observe and perform the covenants on the part of the lessee and the conditions contained in the lease as fully and effectually as if the lease contained a separate demise of the Strata Lot at the rent referred to in paragraph 2.

4. The Purchaser covenants with the Vendor and the City and each of them to indemnify the Vendor and the City and each of them against all actions, suits, costs, expenses, charges, damages, losses, claims and demands for or on account of non-payment of the rent referred to in paragraph 2 and the non-performance or non-observance of the said covenants and conditions so far as the same relate to the Strata Lot.

5. The Vendor covenants with the Purchaser that the lease so far as it relates to the Strata Lot is a valid and subsisting lease, that the covenants, provisos and conditions thereof on the part of the lessee have been duly observed and performed up to the date hereof, that the Vendor is entitled to grant this assignment, that subject to the payment of the rent referred to in paragraph 2 and the observance and performance of the covenants and conditions of the lease, the Purchaser may enjoy the Strata Lot for all the residue now unexpired of the term of the lease and any renewal thereof, without interruption by the Vendor or any person claiming through the



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SCHEDULE "C"

This is the Schedule referred to in Section  
2.01 of the MODEL STRATA LOT LEASE

Part A

The BASIC RENT payable and to be paid by the LESSEE for each of the STRATA LOTS is as follows:

1. Subject always to paragraph 4, unless and until the LESSEE exercises one of the options available to him under paragraph 2 of this Schedule "C" in respect to each STRATA LOT the BASIC RENT payable and to be paid by the LESSEE thereof shall be as follows:
  - (a) For and during each year of that part of the unexpired residue of the TERM commencing on the date of the deposit of the LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office and ending on 30 September, 1979, the annual sum set forth in COLUMN ONE OF PART C of this Schedule "C" opposite the respective designated STRATA LOT.
  - (b) The LESSEE shall pay for and during each year of that part of the unexpired residue of the TERM commencing on 1 October, 1979, and ending on 30 September, 2006, a sum which shall be determined annually on or before the 1st day of October in each of such years (except as hereinafter otherwise provided) by adding to the annual net basic rental paid or payable by the LESSEE hereunder as BASIC RENT in the year immediately preceding the year for which such annual sum is to be determined, the product obtained by multiplying the amount of such annual net basic rental paid or payable by the LESSEE by the escalation rate determined annually in accordance with Part B of this Schedule "C", provided that if the national personal disposable income (herein called "the PDI") ceases to be published by Statistics Canada or the then recognized Statistics Branch of the Government of Canada or if the PDI is computed on a different basis from the basis on which it is computed on 1 October, 1979, there shall be applied in the place of the PDI for the purposes of determining the BASIC RENT pursuant to this paragraph 1(b), such substitution for the PDI as the LESSOR and the LESSEE may agree upon and failing agreement between them, such substitution for the PDI as may be determined by arbitration pursuant to Article XIX to be the index

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most accurately measuring the national personal disposable income in Canada at the date such index is required to be determined hereunder weighted in a manner most closely approximating the PDI last published by Statistics Canada. If the estimated population in Canada and the provinces ceases to be published by Statistics Canada or the then recognized statistics branch of the Government of Canada, there shall be applied in the place of the estimate for the purposes of determining the BASIC RENT pursuant to this paragraph 1(b) such other estimate as the LESSOR and the LESSEE may agree upon and failing agreement between them, such other estimate as may be determined by arbitration pursuant to Article XIX. Until the arbitrators shall have determined the substitution for the PDI the LESSEE shall continue to pay the LESSOR a BASIC RENT as provided in section 2.02.

- (c) (i) The LESSEE shall pay for and during each subsequent ten (10) year period of the TERM commencing on 1 October 2006, such annual sum as may be agreed upon in writing by and between the LESSOR and the LESSEE, provided that if the LESSOR and the LESSEE do not agree in writing upon the BASIC RENT for any of the subsequent ten (10) year periods of the TERM at least six (6) months prior to 30 September, 2006, or the end of any ten (10) year period (as the case may be) of the TERM next preceding the ten (10) year period of the TERM in respect of which the BASIC RENT has not been agreed upon, the BASIC RENT for each year of the last mentioned ten (10) year period of the TERM shall be the market rental value of that part of the SAID LANDS comprised in the STRATA LOT as shall bear the same proportion of the market rental value of the SAID LANDS as the current assessed value of the STRATA LOT bears to the aggregate current assessed value of all the STRATA LOTS at the date which shall be six (6) months prior to 30 September, 2006, or the end of the ten (10) year period (as the case may be) of the TERM next preceding and such market rental value shall be determined by arbitration. The arbitrators shall within the said six (6) month period appraise and determine the market rental value of the aforesaid part of the SAID LANDS. If the arbitrators shall not have determined such market rental value within the



said six (6) month period, the LESSEE shall pay to the LESSOR during the next ten (10) year period of the TERM pending such determination a BASIC RENT as provided in section 2.02.

(ii) In determining the market rental value of the aforesaid part of the SAID LANDS pursuant to paragraph 1(c)(i) the arbitrators shall exclude from such determination the value of the BUILDINGS and all other structures and improvements in and upon the SAID LANDS (as if the same were unimproved) and shall determine such market rental value on the basis that the SAID LANDS may only be used for the purposes set forth in this lease.

(d) The BASIC RENT payable annually under this paragraph 1 shall be paid in twelve (12) equal monthly instalments in advance on the first day of each and every month in each year, provided however, that should the date upon and from which such BASIC RENT first begins to accrue be a date other than the first day of a month, such BASIC RENT shall be apportioned accordingly.

2. The LESSEE may give notice to the LESSOR before 31 March, 1979, (the date upon which such notice is given is herein called the "OPTION DATE") that the LESSEE elects to pay, in substitution for the BASIC RENT payable by the LESSEE under paragraph 1, BASIC RENT as provided in one of the following three options:

(a) Option one

(i) For and during each year of that part of the unexpired residue of the TERM commencing on the OPTION DATE and ending on 30 September, 1981, the annual sum set forth in COLUMN TWO of PART C of this Schedule "C" opposite the respective designated STRATA LOT.

(ii) For and during each year of that part of the unexpired residue of the TERM commencing on 1 October, 1981, and ending on 30 September, 2006, the annual sum set forth in COLUMN THREE of PART C of this Schedule "C" opposite the respective designated STRATA LOT.



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(iii) For and during the unexpired residue of the TERM commencing 1 October, 2006, the provisions of paragraph 1(c) shall apply,

(iv) The provisions of paragraph 1(d) shall apply to this option.

(b) Option two

(i) For and during each year of that part of the unexpired residue of the TERM commencing on the OPTION DATE and ending on 30 September, 2006, the annual sum set forth in COLUMN FOUR of PART C of this Schedule "C" opposite the respective designated STRATA LOT.

(ii) For and during the unexpired residue of the TERM commencing 1 October, 2006, the provisions of paragraph 1(c) shall apply,

(iii) The provisions of paragraph 1(d) shall apply.

(c) Option three

Payment of rent in advance for the entire unexpired residue of the TERM commencing on the OPTION DATE the sum set forth in COLUMN FIVE of PART C of this Schedule "C" opposite the respective designated STRATA LOT.

Provided that the LESSEE shall be entitled to exercise one only of the said options and having exercised one of the said options, he shall not be entitled to exercise any further options or revert to the provisions of paragraph 1.

3. Where the LESSEE gives notice to the LESSOR under paragraph 2 electing to pay the BASIC RENT provided in one of the options therein, in substitution for the BASIC RENT payable by the LESSEE under paragraph 1, then commencing on the "OPTION DATE" the BASIC RENT payable and to be paid by the LESSEE shall be in accordance with the provisions of the option so chosen.

4. Notwithstanding anything contained in this lease, only the original LESSEE, FRANK STANZL CONSTRUCTION LTD. or its successors may give notice to the LESSOR under paragraph 2 electing to pay the BASIC RENT provided in one of the options therein, in substitution for the BASIC RENT payable by the LESSEE under paragraph 1.

Part B

ESCALATION RATE

The escalation rate for the purposes of computing BASIC RENT in this lease shall be determined in accordance with provisions of this Part.

In determining the escalation rate, the terms "per capita PDI", "year 2" and "year 1" have the following meanings:-

"per capita PDI" means the result obtained by dividing the estimate of the personal disposable income of Canada for the year 2 or year 1 (as the case may be) published in Statistics Canada publication No. 13-001, National Income and Expenditures Account, System of National Accounts (First Quarter) in the year following the year 2 or year 1 (as the case may be) by the estimate of the population in Canada for July 1 of year 2 or year 1 (as the case may be) published in the Canadian Statistical Review by Statistics Canada for the year 2 or year 1 (as the case may be).

"year 2" means

- (1) where the date for determination of BASIC RENT is after 31 July in any year the calendar year immediately preceding such year; or
- (2) where the date for determination of BASIC RENT is on or before 31 July in any year the second calendar year preceding such year.

"year 1" means the calendar year immediately preceding year 2.

For example:-

If the date for determination of BASIC RENT is 1 August, 1979, the "year 2" will be the calendar year 1978 and "year 1" will be calendar year 1977 whereas if the date for determination is 1 July, 1979, then "year 2" will be the calendar year



1977 and "year 1" will be the calendar year 1976.

The escalation rate shall be determined by the application of the following formula:-

$$\frac{\text{Per capita PDI for (year 2) minus per capita PDI for (year 1)}}{\text{Per capita PDI for (year 1)}} \times 100$$

= percentage increase in the per capita PDI

The escalation rate is determined by subtracting 3% from the percentage increase in the per capita PDI and multiplying the remainder by three-quarters (3/4).

For example:-

If the date for determination of BASIC RENT is 1 July, 1975, the formula would be applied as follows:-

1972 (year 1) - PDI	= \$66,740,000,000
Population	= 21,848,000
Per capita PDI	= 3054.74
1973 (year 2) - PDI	= \$75,977,000,000
Population	= 22,125,000
Per capita PDI	= 3433.99

(1) Increase in per capita PDI =  $\frac{3433.99 - 3054.74}{3054.74} \times 100 = 12.4\%$

(2) Escalation Rate =  $(12.4 - 3.00\%) \times 75\% = 7.05\%$

If the escalation rate is a negative amount in any year, it shall not be applied and the BASIC RENT then being paid shall continue to be paid by the LESSEE without any increase. Notwithstanding the foregoing provisions of this Schedule, the escalation rate shall never exceed 8% in any year.

## SCHEDULE "C"

3450

## PART C

SERIAL  
LIST

	LEASE PAYMENT Paragraph 1(a)	LEASE PAYMENTS Paragraph 2(a) OPTION ONE		LEASE PAYMENT Paragraph 2(b) OPTION TWO	LEASE PREPAYMENT Paragraph 2(c) OPTION THREE
	COLUMN ONE	COLUMN TWO	COLUMN THREE	COLUMN FOUR	COLUMN FIVE
1	\$ 2,051.00	\$ 2,435.00	\$ 2,638.00	\$ 2,563.00	\$ 30,036.00
2	1,865.00	2,215.00	2,399.00	2,331.00	27,312.00
3	1,858.00	2,206.00	2,390.00	2,322.00	27,206.00
4	1,858.00	2,206.00	2,390.00	2,322.00	27,206.00
5	1,852.00	2,199.00	2,382.00	2,314.00	27,118.00
6	1,962.00	2,330.00	2,524.00	2,452.00	28,735.00
7	2,006.00	2,383.00	2,581.00	2,508.00	29,386.00
8	1,999.00	2,374.00	2,572.00	2,499.00	29,280.00
9	2,731.00	3,243.00	3,514.00	3,414.00	40,001.00
10	1,822.00	2,163.00	2,343.00	2,277.00	26,679.00
11	1,830.00	2,174.00	2,355.00	2,288.00	26,808.00
12	1,755.00	2,084.00	2,257.00	2,193.00	25,696.00
13	1,755.00	2,084.00	2,257.00	2,193.00	25,696.00
14	1,477.00	1,755.00	1,901.00	1,847.00	21,639.00
15	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
16	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
17	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
18	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
19	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
20	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
21	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
22	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
23	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
24	832.00	989.00	1,071.00	1,041.00	12,192.00
25	875.00	1,039.00	1,125.00	1,093.00	12,811.00
26	954.00	1,133.00	1,228.00	1,193.00	13,976.00
27	870.00	1,034.00	1,121.00	1,088.00	12,747.00
28	1,045.00	1,241.00	1,345.00	1,306.00	15,299.00
29	1,141.00	1,356.00	1,469.00	1,427.00	16,718.00
30	1,844.00	2,190.00	2,373.00	2,305.00	27,013.00
	\$45,200.00	\$53,676.00	\$58,149.00	\$56,494.00	\$661,999.00



ACKNOWLEDGMENT OF OFFICER OF A CORPORATION

I HEREBY CERTIFY that on the 18<sup>th</sup> day of January, 1979, at the City of Vancouver, in the Province of British Columbia, C.S. Fleming, who is personally known to me, appeared before me and acknowledged that he is the Director of Legal Services of the CITY OF VANCOUVER and that he is the person who subscribed his name to the annexed instrument as Director of Legal Services of the CITY OF VANCOUVER and affixed the seal of the CITY OF VANCOUVER to the said instrument, that he was first duly authorized to subscribe his name as aforesaid and affix the said seal to the said instrument and that the CITY OF VANCOUVER is legally entitled to hold and dispose of land in the Province of British Columbia.

IN TESTIMONY WHEREOF I have hereunto set my hand at the City of Vancouver, in the Province of British Columbia, this 18<sup>th</sup> day of January, 1979.

*[Signature]*  
A Commissioner for taking Affidavits  
for the Province of British Columbia.

ACKNOWLEDGMENT OF OFFICER OF A CORPORATION

I HEREBY CERTIFY that on the 11th day of January, 1979, at the City of Vancouver, in the Province of British Columbia, JOHN DRIES, who is personally known to me, appeared before me and acknowledged that he is the Secretary-Treasurer of FRANK STANZL CONSTRUCTION LTD., and that he is the person who subscribed his name to the annexed instrument as Secretary-Treasurer of FRANK STANZL CONSTRUCTION CONSTRUCTION LTD., and affixed the seal of FRANK STANZL CONSTRUCTION LTD. to the said instrument, that he was first duly authorized to subscribe his name as aforesaid and affix the said seal to the said instrument and that FRANK STANZL CONSTRUCTION LTD. is legally entitled to hold and dispose of land in the Province of British Columbia.

IN TESTIMONY WHEREOF I have hereunto set my hand at the City of Vancouver, in the Province of British Columbia, this 11th day of January, 1979.

*[Signature]*  
A Commissioner for taking Affidavits  
for the Province of British Columbia.



SCHEDULE "C"

This is the Schedule referred to in Section  
2.01 of the MODEL STRATA LOT LEASE

Part A

The BASIC RENT payable and to be paid by the LESSEE for each of the STRATA LOTS is as follows:

1. Subject always to paragraph 4, unless and until the LESSEE exercises one of the options available to him under paragraph 2 of this Schedule "C" in respect to each STRATA LOT the BASIC RENT payable and to be paid by the LESSEE thereof shall be as follows:
  - (a) For and during each year of that part of the unexpired residue of the TERM commencing on the date of the deposit of the LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office and ending on 30 September, 1979, the annual sum set forth in COLUMN ONE OF PART C of this Schedule "C" opposite the respective designated STRATA LOT.
  - (b) The LESSEE shall pay for and during each year of that part of the unexpired residue of the TERM commencing on 1 October, 1979, and ending on 30 September, 2006, a sum which shall be determined annually on or before the 1st day of October in each of such years (except as hereinafter otherwise provided) by adding to the annual net basic rental paid or payable by the LESSEE hereunder as BASIC RENT in the year immediately preceding the year for which such annual sum is to be determined, the product obtained by multiplying the amount of such annual net basic rental paid or payable by the LESSEE by the escalation rate determined annually in accordance with Part B of this Schedule "C", provided that if the national personal disposable income (herein called "the PDI") ceases to be published by Statistics Canada or the then recognized Statistics Branch of the Government of Canada or if the PDI is computed on a different basis from the basis on which it is computed on 1 October, 1979, there shall be applied in the place of the PDI for the purposes of determining the BASIC RENT pursuant to this paragraph 1(b), such substitution for the PDI as the LESSOR and the LESSEE may agree upon and failing agreement between them, such substitution for the PDI as may be determined by arbitration pursuant to Article XIX to be the index

most accurately measuring the national personal disposable income in Canada at the date such index is required to be determined hereunder weighted in a manner most closely approximating the PDI last published by Statistics Canada. If the estimated population in Canada and the provinces ceases to be published by Statistics Canada or the then recognized statistics branch of the Government of Canada, there shall be applied in the place of the estimate for the purposes of determining the BASIC RENT pursuant to this paragraph 1(b) such other estimate as the LESSOR and the LESSEE may agree upon and failing agreement between them, such other estimate as may be determined by arbitration pursuant to Article XIX. Until the arbitrators shall have determined the substitution for the PDI the LESSEE shall continue to pay the LESSOR a BASIC RENT as provided in section 2.02.

- (c) (i) The LESSEE shall pay for and during each subsequent ten (10) year period of the TERM commencing on 1 October 2006, such annual sum as may be agreed upon in writing by and between the LESSOR and the LESSEE, provided that if the LESSOR and the LESSEE do not agree in writing upon the BASIC RENT for any of the subsequent ten (10) year periods of the TERM at least six (6) months prior to 30 September, 2006, or the end of any ten (10) year period (as the case may be) of the TERM next preceding the ten (10) year period of the TERM in respect of which the BASIC RENT has not been agreed upon, the BASIC RENT for each year of the last mentioned ten (10) year period of the TERM shall be the market rental value of that part of the SAID LANDS comprised in the STRATA LOT as shall bear the same proportion of the market rental value of the SAID LANDS as the current assessed value of the STRATA LOT bears to the aggregate current assessed value of all the STRATA LOTS at the date which shall be six (6) months prior to 30 September, 2006, or the end of the ten (10) year period (as the case may be) of the TERM next preceding and such market rental value shall be determined by arbitration. The arbitrators shall within the said six (6) month period appraise and determine the market rental value of the aforesaid part of the SAID LANDS. If the arbitrators shall not have determined such market rental value within the

said six (6) month period, the LESSEE shall pay to the LESSOR during the next ten (10) year period of the TERM pending such determination a BASIC RENT as provided in section 2.02.

(ii) In determining the market rental value of the aforesaid part of the SAID LANDS pursuant to paragraph 1(c)(i) the arbitrators shall exclude from such determination the value of the BUILDINGS and all other structures and improvements in and upon the SAID LANDS (as if the same were unimproved) and shall determine such market rental value on the basis that the SAID LANDS may only be used for the purposes set forth in this lease.

(d) The BASIC RENT payable annually under this paragraph 1 shall be paid in twelve (12) equal monthly instalments in advance on the first day of each and every month in each year, provided however, that should the date upon and from which such BASIC RENT first begins to accrue be a date other than the first day of a month, such BASIC RENT shall be apportioned accordingly.

2. The LESSEE may give notice to the LESSOR before 31 March, 1979, (the date upon which such notice is given is herein called the "OPTION DATE") that the LESSEE elects to pay, in substitution for the BASIC RENT payable by the LESSEE under paragraph 1, BASIC RENT as provided in one of the following three options:

(a) Option one

(i) For and during each year of that part of the unexpired residue of the TERM commencing on the OPTION DATE and ending on 30 September, 1981, the annual sum set forth in COLUMN TWO of PART C of this Schedule "C" opposite the respective designated STRATA LOT.

(ii) For and during each year of that part of the unexpired residue of the TERM commencing on 1 October, 1981, and ending on 30 September, 2006, the annual sum set forth in COLUMN THREE of PART C of this Schedule "C" opposite the respective designated STRATA LOT.



(iii) For and during the unexpired residue of the TERM commencing 1 October, 2006, the provisions of paragraph 1(c) shall apply,

(iv) The provisions of paragraph 1(d) shall apply to this option.

(b) Option two

(i) For and during each year of that part of the unexpired residue of the TERM commencing on the OPTION DATE and ending on 30 September, 2006, the annual sum set forth in COLUMN FOUR of PART C of this Schedule "C" opposite the respective designated STRATA LOT.

(ii) For and during the unexpired residue of the TERM commencing 1 October, 2006, the provisions of paragraph 1(c) shall apply,

(iii) The provisions of paragraph 1(d) shall apply.

(c) Option three

Payment of rent in advance for the entire unexpired residue of the TERM commencing on the OPTION DATE the sum set forth in COLUMN FIVE of PART C of this Schedule "C" opposite the respective designated STRATA LOT.

Provided that the LESSEE shall be entitled to exercise one only of the said options and having exercised one of the said options, he shall not be entitled to exercise any further options or revert to the provisions of paragraph 1.

3. Where the LESSEE gives notice to the LESSOR under paragraph 2 electing to pay the BASIC RENT provided in one of the options therein, in substitution for the BASIC RENT payable by the LESSEE under paragraph 1, then commencing on the "OPTION DATE" the BASIC RENT payable and to be paid by the LESSEE shall be in accordance with the provisions of the option so chosen.

4. Notwithstanding anything contained in this lease, only the original LESSEE, FRANK STANZL CONSTRUCTION LTD. or its successors may give notice to the LESSOR under paragraph 2 electing to pay the BASIC RENT provided in one of the options therein, in substitution for the BASIC RENT payable by the LESSEE under paragraph 1.

SCHEDULE "C"

Part B

ESCALATION RATE

The escalation rate for the purposes of computing BASIC RENT in this lease shall be determined in accordance with provisions of this Part.

In determining the escalation rate, the terms "per capita PDI", "year 2" and "year 1" have the following meanings:-

"per capita PDI" means the result obtained by dividing the estimate of the personal disposable income of Canada for the year 2 or year 1 (as the case may be) published in Statistics Canada publication No. 13-001, National Income and Expenditures Account, System of National Accounts (First Quarter) in the year following the year 2 or year 1 (as the case may be) by the estimate of the population in Canada for July 1 of year 2 or year 1 (as the case may be) published in the Canadian Statistical Review by Statistics Canada for the year 2 or year 1 (as the case may be).

"year 2" means

- (1) where the date for determination of BASIC RENT is after 31 July in any year the calendar year immediately preceding such year; or
- (2) where the date for determination of BASIC RENT is on or before 31 July in any year the second calendar year preceding such year.

"year 1" means the calendar year immediately preceding year 2.

For example:-

If the date for determination of BASIC RENT is 1 August, 1979, the "year 2" will be the calendar year 1978 and "year 1" will be calendar year 1977 whereas if the date for determination is 1 July, 1979, then "year 2" will be the calendar year



1977 and "year 1" will be the calendar year 1976.

The escalation rate shall be determined by the application of the following formula:-

$$\frac{\text{Per capita PDI for (year 2) minus per capita PDI for (year 1)}}{\text{Per capita PDI for (year 1)}} \times 100$$

= percentage increase in the per capita PDI

The escalation rate is determined by subtracting 3% from the percentage increase in the per capita PDI and multiplying the remainder by three-quarters (3/4).

For example:-

If the date for determination of BASIC RENT is 1 July, 1975, the formula would be applied as follows:-

1972 (year 1) - PDI	= \$66,740,000,000
Population	= 21,848,000
Per capita PDI	= 3054.74

1973 (year 2) - PDI	= \$75,977,000,000
Population	= 22,125,000
Per capita PDI	= 3433.99

(1) Increase in per capita PDI =  $\frac{3433.99 - 3054.74}{3054.74} \times 100 = 12.4\%$

(2) Escalation Rate =  $(12.4 - 3.00\%) \times 75\% = 7.05\%$

If the escalation rate is a negative amount in any year, it shall not be applied and the BASIC RENT then being paid shall continue to be paid by the LESSEE without any increase. Notwithstanding the foregoing provisions of this Schedule, the escalation rate shall never exceed 8% in any year.

SCHEDULE "C"

PART C

RATA LOT	LEASE PAYMENT Paragraph 1(a)	LEASE PAYMENTS Paragraph 2(a) OPTION ONE		LEASE PAYMENT Paragraph 2(b) OPTION TWO	LEASE PREPAYMENT Paragraph 2 OPTION THREE
	COLUMN ONE	COLUMN TWO	COLUMN THREE	COLUMN FOUR	COLUMN FIVE
1	\$ 2,051.00	\$ 2,435.00	\$ 2,638.00	\$ 2,563.00	\$ 30,036.00
2	1,865.00	2,215.00	2,399.00	2,331.00	27,312.00
3	1,858.00	2,206.00	2,390.00	2,322.00	27,206.00
4	1,858.00	2,206.00	2,390.00	2,322.00	27,206.00
5	1,852.00	2,199.00	2,382.00	2,314.00	27,118.00
6	1,962.00	2,330.00	2,524.00	2,452.00	28,735.00
7	2,006.00	2,383.00	2,581.00	2,508.00	29,386.00
8	1,999.00	2,374.00	2,572.00	2,499.00	29,280.00
9	2,731.00	3,243.00	3,514.00	3,414.00	40,001.00
10	1,822.00	2,163.00	2,343.00	2,277.00	26,679.00
11	1,830.00	2,174.00	2,355.00	2,288.00	26,808.00
12	1,755.00	2,084.00	2,257.00	2,193.00	25,696.00
13	1,755.00	2,084.00	2,257.00	2,193.00	25,696.00
14	1,477.00	1,755.00	1,901.00	1,847.00	21,639.00
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17	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
18	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
19	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
20	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
21	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
22	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
23	1,202.00	1,427.00	1,546.00	1,502.00	17,605.00
24	832.00	989.00	1,071.00	1,041.00	12,192.00
25	875.00	1,039.00	1,125.00	1,093.00	12,811.00
26	954.00	1,133.00	1,228.00	1,193.00	13,976.00
27	870.00	1,034.00	1,121.00	1,088.00	12,747.00
28	1,045.00	1,241.00	1,345.00	1,306.00	15,299.00
29	1,141.00	1,356.00	1,469.00	1,427.00	16,718.00
30	1,844.00	2,190.00	2,373.00	2,305.00	27,013.00
	\$45,200.00	\$53,676.00	\$58,149.00	\$56,494.00	\$661,999.00