

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, areaways 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 Repairs 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

ARTICLE VIITERMINATION OF LEASE ON FAILURE  
TO COMMENCE CONSTRUCTION OF BUILDINGSSection 7.01

The LESSEE agrees with the LESSOR that subject always to section 12.01 if COMMENCEMENT OF CONSTRUCTION has not taken place on or before 15 October, 1975 or such later date as the LESSOR approves in writing (such approval not to be unreasonably withheld by the LESSOR), the LESSOR shall have the right and option at any time thereafter to terminate this lease and in such event this lease shall terminate and be of no further force nor effect.

Section 8.03 Deductible Amounts

Any of the policies of insurance referred to in section 4.05, 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 4.05, 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 4.05, 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 rights of the LESSEE or the LESSOR to recover. Each policy of insurance referred to in sections 4.05, 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 8.08 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 SAID LANDS and BUILDINGS, 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 rent 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 agreed that:-

ARTICLE IXREPAIRS AND MAINTENANCESection 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 LESSOR's cost and expense shall during the TERM, subject to section 10.01, 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 areas, water and sewer mains and connections, water, steam, gas and electric pipes 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,

its agents, servants, contractors and subcontractors, 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 9.02; 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%) 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 9.04 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 sidewalks adjacent to the SAID LANDS reasonably clean from ice and snow in accordance with the provisions of the City of Vancouver Street and Traffic By-Law and amendments thereto, the LESSOR through its agents, servants, contractors and subcontractors although not obliged to do so 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.

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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.

ARTICLE XI

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 COMMENCEMENT OF CONSTRUCTION, 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 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 repair as required by section 9.02 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 ninety (90) days after every such notice or such longer period as provided in subsection (b) of section 21.01 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.

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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.

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ARTICLE XVIII

SUBLETTING AND ASSIGNMENT

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 may arbitrarily withhold; Provided however that 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 may arbitrarily withhold. Provided however that if requested by the LESSOR, a copy of 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.

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ARTICLE XIXMORTGAGE

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.

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exceeding three (3) 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 LESSER 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 the liquidator, custodian or trustee may either:

- (i) surrender possession at any time and the TERM shall thereupon terminate; or
- (ii) sell, transfer or otherwise dispose of all the interest of the LESSEE in this lease, in the SAID LANDS and in the BUILDINGS and all interest of the LESSEE therein and thereto for the remainder of the TERM or any part thereof and all the rights of the LESSER hereunder to as full an extent as could have been done by the LESSEE had no such receiving order, assignment or dissolution or winding-up commenced, but before the person to whom the lease, the SAID LANDS and the BUILDINGS and such interests and rights of the LESSEE herein as aforesaid are sold, transferred or disposed is permitted to go into occupation or to take the benefit of such lease, the SAID LANDS, BUILDINGS, interests and rights as aforesaid, 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;

and the liquidator, custodian or trustee shall have the further right, at any time before surrendering possession, to disclaim the lease, and his entry into possession of the SAID LANDS and the BUILDINGS and their 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 this section 20.01; and if after occupation of the SAID LANDS and the BUILDINGS, he elects to retain them and thereafter assigns the lease, the SAID LANDS and the BUILDINGS and all interests and rights of the LESSEE

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 21.02, if

- (a) the LESSEE shall default in the payment of 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 such default shall continue for thirty(30) days after notice thereof given by the LESSOR to the LESSEE; or
- (b) the LESSEE shall default in performing or observing any of its other covenants or obligations under this lease, or any contingency shall occur which by the terms of this lease constitutes a breach hereof or confers upon the LESSOR the right to re-enter or forfeit or terminate this lease but not termination of this lease pursuant to section 7.01, and the LESSOR shall have given to the LESSEE notice of such default or the happening of such contingency, and at the expiration of sixty (60) days after the giving of such notice the default or contingency shall continue to exist or, in the case of a default or contingency 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 or contingency; or
- (c) this lease shall expire or be forfeited or be terminated by any other provision in it contained, including without restricting the generality of the foregoing, the termination of this lease pursuant to the provisions of section 7.01 herein.

the LESSOR or the LESSOR's agents or employees authorized by the LESSOR may immediately or at any time thereafter re-enter

or contingency is cured within the period specified, the MORTGAGEE shall be entitled to continue as tenant for the balance of the TERM, 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 MORTGAGED consists of more than one mortgagor each having a separate charge upon the LESSEE's interest in this lease, and more than one of them wishes to cure the default or contingency specified in the notice aforesaid, then the LESSOR hereby agrees to permit curing of the default or contingency specified as aforesaid, and the assumption of the balance of the TERM as aforesaid, by that mortgagor which is willing to cure and assume as aforesaid and whose charge ranks in priority over the charge or charges held by the other mortgagor 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 21.02(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 or contingency 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) until the default or contingency within a period of sixty (60) days from the date of receipt of notice from the LESSOR specifying the nature of the default or contingency, or if the default or contingency is

- (i) 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 grants 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 mortgagor 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 MORTGAGOR to cure any default of the LESSOR and to continue as tenant under this lease.

ARTICLE XXIICOVENANTS OF LESSOR AS TO TITLESection 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, committed, 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.

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- (e) The umpire shall make his award within one (1) month after the original time appointed for making the award of the arbitrators has expired, or on or before any later day to which the parties by any writing signed by them may from time to time enlarge the time for making the award, or if the parties have not agreed, then within such time as the court or judge appointing such arbitrator may deem proper.
- (f) The provisions of paragraphs (e), (g) and (h) of the Schedule to the Arbitration Act as amended to January 1, 1975, shall be the terms of any submission to arbitration hereunder.
- (g) The arbitrators or any umpire acting under any submission to arbitration herein may state an award as to the whole or part thereof in the form of a special case for the opinion of any court.
- (h) The costs of the reference and award shall be in the discretion of the arbitrators or umpire, 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.
- (i) If, within a reasonable time, a party who has been notified of any 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 a judge of the Supreme Court of British Columbia for the appointment by such judge of an arbitrator to represent the party or parties in default or a third arbitrator or both of such arbitrators.

The parties agree that with respect to any amendment to the said Arbitration Act which shall be proclaimed after January 1, 1976, which makes provision that there shall be incorporated in any submission any provision not herein contained, then such provision shall not be a part of such submission to arbitration hereunder unless the parties hereto shall in writing expressly agree to the incorporation of such provision herein.

ARTICLE XXVSURRENDER OF LEASESection 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. Upon such surrender the LESSEE shall assign to the LESSOR the benefit of all leases, licenses, agreements and other agreements and rights benefiting the SAID LANDS or the BUILDINGS or the LESSEE'S interest therein, if and to the extent that the LESSOR shall require such benefits to be so assigned.

ARTICLE XXVIIOVERHOLDINGSection 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.

amended from time to time in respect of the LEASEHOLD STRATA PLAN.

- (e) 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 28.02 Conversion of Ground Lease

It is understood and agreed between the LESSOR and the LESSEE hereto:-

- (a) Before the deposit of the LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office, the parties shall make such additions, amendments and modifications to the MODEL STRATA LOT LEASE as may be reasonably necessary to properly reflect the facts and to establish a valid and effectual MODEL STRATA LOT LEASE in accordance with section 53 (2) of the STRATA TITLES ACT and shall also make such additions, amendments and modifications to this lease (hereinafter in this section 28.02 called "the GROUND LEASE") which are made necessary as a result of any additions, amendments and modifications to the MODEL STRATA LOT LEASE.
- (b) When the appropriate additions, amendments and modifications shall have been made to the GROUND LEASE and the MODEL STRATA LOT LEASE to the satisfaction of the parties and the amendments, additions and modifications to such leases are in forms acceptable for registration in the Vancouver Land Registry Office, the parties shall execute the same and promptly thereafter the LESSEE shall at its own expense deposit in the Vancouver Land Registry Office for registration the amendments, additions and modifications to the GROUND LEASE and MODEL STRATA LOT LEASE.

Section 28.03 Rights if Order-in-Council not obtained

If the Lieutenant-Governor in Council does not make and deliver to the parties an Order-in-Council authorizing the Vancouver Land Registrar to accept the LEASEHOLD PLAN for deposit in the Vancouver Land Registry Office within six (6) months after due application therefor pursuant to section 28.01 (c) it is understood and agreed between the LESSOR and the LESSEE that the parties will forthwith negotiate an alternative to the stratification of this LEASE with the view to either

- (a) granting to the LESSEE a long-term lease permitting the LESSEE to sub-let individual units or apartments in the BUILDINGS; or
- (b) effecting the purchase of the LESSEE'S INTEREST in this LEASE and in the BUILDINGS by the LESSOR; or
- (c) effecting the purchase of the LESSOR'S interest in the LANDS by the LESSEE.

If the parties fail to reach agreement within a further six (6) months following the end of the first mentioned six (6) month period such alternative shall be determined by arbitration in accordance with Article XXIII.

ARTICLE XXXMISCELLANEOUSSection 30.01

(a) The LESSOR and the LESSEE acknowledge and confirm that:-

- (i) Frank Stanzi Construction Ltd. (hereinafter referred to as "the Company") has agreed to lease from the LESSOR those lands and premises (hereinafter referred to as "the Company's Lands") lying and being in the City of Vancouver in the Province of British Columbia more particularly known and described as Lot twenty-five (25), False Creek, Plan 16003;
- (ii) The Lower Mainland Society for Residences for the Physically Handicapped (hereinafter referred to as "the Society") has agreed to lease from the LESSOR those lands and premises (hereinafter referred to as "the Society's Lands") lying and being in the City of Vancouver in the Province of British Columbia more particularly known and described as Lot twenty-six (26), False Creek, Plan 16003;
- (iii) the LESSEE, the Company and the Society are constructing on part of the SAID LANDS, on part of the Company's Lands, and on part of the Society's Lands an underground parking garage (hereinafter referred to as "the Parking Facility") in connection with the use and operation of the improvements being constructed by the Company, the Society and the LESSEE on the SAID LANDS, the Company's Lands and the Society's Lands respectively;
- (iv) the Society has agreed to grant to the LESSOR not later than one (1) month following the date stipulated in a Certificate of the Architect for the Company as being the date on which the Parking Facility has been completed to the degree necessary to permit proper operation thereof the full, free and unlimited right, liberty and easement for the

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- (d) The LESSOR covenants and agrees with the LESSEE that before the Society and the LESSOR amend or modify any easement granted or to be granted by the Society to the LESSOR as contemplated by this Section 30.01 the LESSOR will consult with the LESSEE in respect to all such amendments or modifications.
- (e) The LESSEE covenants and agrees to reimburse the LESSOR for all fees paid by the LESSOR in registering the easement granted by the Society to the LESSOR in the Vancouver Land Registry Office upon receipt of a written account therefor.

Section 30.02

- (a) The LESSEE covenants and agrees with the LESSOR that not later than one (1) month following the date stipulated in a Certificate of the Architect for the Company as being the date on which the Parking Facility has been completed to the degree necessary to permit proper operation thereof the LESSEE will grant to the LESSOR the full, free and unlimited right, liberty and easement for the LESSOR and those persons authorized or permitted by the LESSOR to enter, go, pass and repass upon and along the part of the Parking Facility on the SAID LANDS with or without motor vehicles for the purpose of gaining access to the part of the Parking Facility on the Society's Lands and the part of the Parking Facility on the Company's Lands.
- (b) The easement shall be in the form attached hereto as Schedule "C" with an appropriate plan of the easement and with such alterations, additions and deletions as may be agreed upon between the LESSOR and the LESSEE.
- (c) The LESSEE covenants and agrees to reimburse the LESSOR for all fees paid by the LESSOR in registering such easement granted by the LESSEE to the LESSOR in the Vancouver Land Registry Office upon receipt of a written account therefor.

Section 30.03

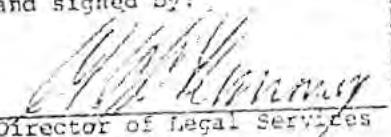
The LESSOR and the LESSEE agree that at any time and from time to time upon not less than thirty (30) days' prior request by the other party, each will execute, acknowledge and deliver to the other a statement in writing certifying:-

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successors and assigns of the LESSOR and the 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.

SEALED with the Common Seal)  
of the CITY OF VANCOUVER )  
and signed by: )

  
G. J. Kennedy  
Director of Legal Services

The Common Seal of )  
UNIVERSITY NON-PROFIT )  
BUILDING SOCIETY was here- )  
unto affixed in the )  
presence of: )

Nathan Diminich, Secretary  
July 20, 1975  
Frances T. Buckley, Clerk-Director

Approved by Council: July 20, 1975

its agents, servants, contractors and subcontractors, 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 9.02; 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%) 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 9.04 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 sidewalks adjacent to the SAID LANDS reasonably clean from ice and snow in accordance with the provisions of the City of Vancouver Street and Traffic By-law and amendments thereto, the LESSOR through its agents, servants, contractors and subcontractors although not obliged to do so 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.

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ARTICLE XDAMAGE OR DESTRUCTIONSection 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 which shall yield, on the basis of reasonable calculation and expectation, the most profitable return in their use and operation, taking into account the rental payable and estimated to be payable during the balance of the TERM, the then value of the SAID LANDS, the cost of construction of the new structure or structures and the estimated life of the new structure or structures.

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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.

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ARTICLE XIREPLACEMENTS, CHANGES, ALTERATIONS  
AND SUBSTITUTIONSSection 11.01

Except as hereinafter expressly provided, 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 or the operation of mechanical systems, including the heating, ventilating, air conditioning, plumbing, electrical or mechanical equipment in or connected with 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 XII, 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 XIIUNAVOIDABLE DELAYSSection 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 COMMENCEMENT OF CONSTRUCTION, 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 VIIIMECHANICS' LIENSSection 13.01

The LESSOR 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 apply for cancellation of the lien pursuant to the provisions of the Mechanic's Lien Act and in such event shall do so within a period of fourteen (14) days after receipt of written notice from the LESSOR of any claim for a lien or 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 9.02 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 ninety (90) days after every such notice or such longer period as provided in subsection (b) of section 21.01 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 XVOBSERVANCE 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.

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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 XVIIINDEMNITYSection 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 section 8.06 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 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 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.

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ARTICLE X:111

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 may arbitrarily withhold; Provided however that 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 may arbitrarily withhold. Provided however that if requested by the LESSOR, a copy of 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 19.03

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 19.04 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 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 as if it were rent in arrears.

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ARTICLE XIXMORTGAGESection 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 XXBANKRUPTCY OF LESSEESection 20.01

The parties agree that:

- (a) if the LESSER 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 LESSER, 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 hold and retain the SAID LANDS and the BUILDINGS for a period not

exceeding three (3) 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 the liquidator, custodian or trustee may either:

- (i) surrender possession at any time and the TERM shall thereupon terminate; or
- (ii) sell, transfer or otherwise dispose of all the interest of the LESSEE in this lease, in the SAID LANDS and in the BUILDINGS and all interest of the LESSEE therein and thereto 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 or dissolution or winding-up commenced, but before the person to whom the lease, the SAID LANDS and the BUILDINGS and such interests and rights of the LESSEE herein as aforesaid are sold, transferred or disposed is permitted to go into occupation or to take the benefit of such lease, the SAID LANDS, BUILDINGS, interests and rights as aforesaid, 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;

and the liquidator, custodian or trustee shall have the further right, at any time before surrendering possession, to disclaim the lease, and his entry into possession of the SAID LANDS and the BUILDINGS and their 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 this section 20.01; and if after occupation of the SAID LANDS and the BUILDINGS, he elects to retain them and thereafter assigns 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 this section 20.01 provided, the liability of the liquidator, custodian or trustee, as the case may be, and of the estate of the LESSEE and of the LESSEES is limited to the payment of BASIC RENT together with ADDITIONAL RENT, if any, for 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 any surrender of possession by such liquidator, custodian or trustee.

Section 20.02

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 21.02, if

- (a) the LESSEE shall default in the payment of 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 such default shall continue for thirty (30) days after notice thereof given by the LESSOR to the LESSEE; or
- (b) the LESSEE shall default in performing or observing any of its other covenants or obligations under this lease, or any contingency shall occur which by the terms of this lease constitutes a breach hereof or confers upon the LESSOR the right to re-enter or forfeit or terminate this lease but not termination of this lease pursuant to section 7.01, and the LESSOR shall have given to the LESSEE notice of such default or the happening of such contingency, and at the expiration of sixty (60) days after the giving of such notice the default or contingency shall continue to exist or, in the case of a default or contingency 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 or contingency; or
- (c) this lease shall expire or be forfeited or be terminated by any other provision in it contained, including without restricting the generality of the foregoing, the termination of this lease pursuant to the provisions of section 7.01 herein,

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 upon 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 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 XXIX unless the LESSOR shall first have given to the MORTGAGEE notice of the default or contingency entitling the LESSOR to re-enter, terminate or forfeit this lease, specifying the nature of that default or contingency, and stating the LESSOR's intention to take such proceedings and requiring the MORTGAGEE:
- (i) to cure the default or contingency 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 or contingency 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 or contingency 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 acts necessary to cure the default or contingency,

and the LESSOR hereby grants the MORTGAGEE access to the SAID LANDS and BUILDINGS for that purpose. If the default

or contingency is cured within the period specified, the MORTGAGEE shall be entitled to continue as tenant for the balance of the TERM, 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 or contingency specified in the notice aforesaid, then the LESSOR hereby agrees to permit curing of the default or contingency 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 21.02(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 or contingency 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 or contingency within a period of sixty (60) days from the date of receipt of notice from the LESSOR specifying the nature of the default or contingency, or if the default or contingency 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 or contingency cannot reasonably be cured within such sixty (60) day period, immediately commences to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default or contingency;

- (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 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 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 or contingency granted by this section 21.02(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) 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 XXIX 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 LESSOR'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 grants the MORTGAGEE or such receiver access to the SAID LANDS and BUILDINGS for that purpose;
- (iii) 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;
- (iv) 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.

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- (e) No entry upon the SAID LANDS or into the BUILDINGS by the MORTGAGEE pursuant to this section 21.02 for the purpose of curing any default or defaults of the LESSEE shall release or impair the continuing obligations of the LESSEE.

Section 21.03 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 21.04 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 XXIICOVENANTS OF LESSOR AS TO TITLESection 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, committed, 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 XXIIIARBITRATIONSection 23.01

Save as hereinafter provided, 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 determined by arbitration pursuant to the provisions of the Arbitration Act of British Columbia (R.S.B.C. 1960, Chapter 14 as amended to January 1, 1976). The provisions to be implied in submission in pursuance of section 4 of the said Arbitration Act shall not be applicable to arbitration hereunder. The following provisions shall govern any arbitration hereunder:-

- (a) The reference to arbitration shall be 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.
- (b) The award may be made by the majority of the arbitrators.
- (c) Save as in this lease otherwise expressly provided, the arbitrators shall make their award in writing within three (3) months after entering on the reference or after having been called on to act by notice in writing from either party to the submission, whichever is the earlier, or on or before any later date to which the LESSOR and the LESSEE by writing signed by them may from time to time enlarge the time for making the award.
- (d) If the arbitrators have allowed their time or extended time to expire without making an award or if the chairman shall have delivered to both parties hereto a notice in writing stating that the arbitrators cannot agree, either party hereto may apply to the Supreme Court of British Columbia or to a judge thereof to appoint an umpire who shall have the like power to act in the reference and to make an award as if he had been duly appointed by all the parties to the submission and by the consent of all the parties who originally appointed arbitrators thereto.

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- (e) The umpire shall make his award within one (1) month after the original time appointed for making the award of the arbitrators has expired, or on or before any later day to which the parties by any writing signed by them may from time to time enlarge the time for making the award, or if the parties have not agreed, then within such time as the court or judge appointing such arbitrator may deem proper.
- (f) The provisions of paragraphs (f), (g) and (h) of the Schedule to the Arbitration Act as amended to January 1, 1975, shall be the terms of any submission to arbitration hereunder.
- (g) The arbitrators or any umpire acting under any submission to arbitration herein may state an award as to the whole or part thereof in the form of a special case for the opinion of any court.
- (h) The costs of the reference and award shall be in the discretion of the arbitrators or umpire, 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.
- (i) If, within a reasonable time, a party who has been notified of any 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 a judge of the Supreme Court of British Columbia for the appointment by such judge of an arbitrator to represent the party or parties in default or a third arbitrator or both of such arbitrators.

The parties agree that with respect to any amendment to the said Arbitration Act which shall be proclaimed after January 1, 1976, which makes provision that there shall be incorporated in any submission any provision not herein contained, then such provision shall not be a part of such submission to arbitration hereunder unless the parties hereto shall in writing expressly agree to the incorporation of such provision herein.

ARTICLE XXIV.CERTAIN COVENANTS AND AGREEMENTS OF LESSEESection 24.01 Conduct on demised premises

The LESSEE 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.

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ARTICLE XXVSURRENDER OF LEASESection 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. Upon such surrender the LESSEE shall assign to the LESSOR the benefit of all leases, licenses, agreements and other agreements and rights benefiting the SAID LANDS or the BUILDINGS or the LESSEE'S interest therein, if and to the extent that the LESSOR shall require such benefits to be so assigned.

ARTICLE XXVIQUIET ENJOYMENT AND OWNERSHIP  
OF THE BUILDINGSSection 26.01 Covenant for Quiet Enjoyment

If the LESSEE pays the rent hereby reserved and the other charges, and performs the covenants hereinbefore 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 or the right of the LESSOR to show the SAID LANDS and the BUILDINGS and to post notice, pursuant to section 14.02.

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 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 XXVIIOVERHOLDINGSection 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 XXVIIICONVERSION OF GROUND LEASE  
UNDER STRATA TITLES ACTSection 28.01 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 shall deliver to the LESSEE the written consent of the LESSOR to the registration of the LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office if it is satisfied that the LEASEHOLD STRATA PLAN has been prepared in accordance with the provisions of the STRATA TITLES ACT and the terms of this lease.
- (c) As soon as reasonably possible after the LESSOR shall have delivered its written consent to the LESSEE in accordance with section 28.01(b), the LEASEHOLD STRATA PLAN has been signed by the MORTGAGEE (if any) and a British Columbia Land Surveyor has certified that the BUILDING is within the external boundaries of the SAID LANDS and is a new development pursuant to section 4 of the STRATA TITLES ACT, the parties shall make application to the Lieutenant-Governor in Council for an Order-in-Council authorizing the Vancouver Land Registrar to accept the LEASEHOLD STRATA PLAN for deposit in the Vancouver Land Registry Office in accordance with the provisions of section 53 of the STRATA TITLES ACT.
- (d) As soon as reasonably possible after the Order-in-Council referred to in section 28.01(c) has been made and delivered to the LESSOR and the LESSEE, 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.

- (e) 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 28.02 Conversion of Ground Lease

It is understood and agreed between the LESSOR and the LESSEE hereto:-

- (a) Before the deposit of the LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office, the parties shall make such additions, amendments and modifications to the MODEL STRATA LOT LEASE as may be reasonably necessary to properly reflect the facts and to establish a valid and effectual MODEL STRATA LOT LEASE in accordance with section 53 (2) of the STRATA TITLES ACT and shall also make such additions, amendments and modifications to this lease (hereinafter in this section 28.02 called "the GROUND LEASE") which are made necessary as a result of any additions, amendments and modifications to the MODEL STRATA LOT LEASE.
- (b) When the appropriate additions, amendments and modifications shall have been made to the GROUND LEASE and the MODEL STRATA LOT LEASE to the satisfaction of the parties and the amendments, additions and modifications to such leases are in forms acceptable for registration in the Vancouver Land Registry Office, the parties shall execute the same and promptly thereafter the LESSEE shall at its own expense deposit in the Vancouver Land Registry Office for registration the amendments, additions and modifications to the GROUND LEASE and MODEL STRATA LOT LEASE.

- (c) The LESSEE shall then deposit the LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office as provided in section 28.01(d) and 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 the amended GROUND 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 the amended GROUND LEASE and in the amended MODEL STRATA LOT LEASE and to the provisions of the STRATA TITLES ACT and the regulations made thereunder.
- (d) From and after the conversion of the amended GROUND 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 separate lessees by separate leases in the form of the amended MODEL STRATA LOT LEASE.
- (e) The LESSOR shall not be obligated to comply with any of the provisions of this section 28.02 unless and until the MORTGAGEE (if any) acknowledges and confirms to the LESSOR in a form which is registrable in the Vancouver Land Registry Office that notwithstanding the additions, amendments and modifications to the GROUND LEASE and the MODEL STRATA LOT LEASE made by the LESSOR and the LESSEE pursuant to section 28.02 (a) are registered in the Vancouver Land Registry Office subsequent to the MORTGAGE, the MORTGAGE is subject to the additions, amendments and modifications to the GROUND LEASE and MODEL STRATA LOT LEASE and such additions, amendments and modifications are deemed for all purposes to have been so registered prior to the registration of the MORTGAGE.

Section 28.03 Rights if Order-in-Council not obtained

If the Lieutenant-Governor in Council does not make and deliver to the parties an Order-in-Council authorizing the Vancouver Land Registrar to accept the LEASEHOLD PLAN for deposit in the Vancouver Land Registry Office within six (6) months after due application therefor pursuant to section 28.01 (c) it is understood and agreed between the LESSOR and the LESSEE that the parties will forthwith negotiate an alternative to the stratification of this LEASE with the view to either

- (a) granting to the LESSEE a long-term lease permitting the LESSEE to sub-let individual units or apartments in the BUILDINGS; or
- (b) effecting the purchase of the LESSEE'S INTEREST in this LEASE and in the BUILDINGS by the LESSOR; or
- (c) effecting the purchase of the LESSOR'S interest in the LANDS by the LESSEE.

If the parties fail to reach agreement within a further six (6) months following the end of the first mentioned six (6) month period such alternative shall be determined by arbitration in accordance with Article XXIII.

ARTICLE XXIXNOTICESection 29.01

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 11th Avenue  
Vancouver, British Columbia  
V5Y 1V4

and in the case of the LESSEE addressed to:

University Non-Profit Building Society  
c/o Dr. N. J. Divinsky  
5689 McMaster Road  
Vancouver, British Columbia  
V6T 1K1

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 XXXMISCELLANEOUSSection 30.01

- (a) The LESSOR and the LESSEE acknowledge and confirm that:-
- (i) Frank Stanzl Construction Ltd. (hereinafter referred to as "the Company") has agreed to lease from the LESSOR those lands and premises (hereinafter referred to as "the Company's Lands") lying and being in the City of Vancouver in the Province of British Columbia more particularly known and described as Lot twenty-five (25), False Creek, Plan 16003;
  - (ii) The Lower Mainland Society for Residences for the Physically Handicapped (hereinafter referred to as "the Society") has agreed to lease from the LESSOR those lands and premises (hereinafter referred to as "the Society's Lands") lying and being in the City of Vancouver in the Province of British Columbia more particularly known and described as Lot twenty-six (26), False Creek, Plan 16003;
  - (iii) the LESSEE, the Company and the Society are constructing on part of the SAID LANDS, on part of the Company's Lands, and on part of the Society's Lands an underground parking garage (hereinafter referred to as "the Parking Facility") in connection with the use and operation of the improvements being constructed by the Company, the Society and the LESSEE on the SAID LANDS, the Company's Lands and the Society's Lands respectively;
  - (iv) the Society has agreed to grant to the LESSOR not later than one (1) month following the date stipulated in a Certificate of the Architect for the Company as being the date on which the Parking Facility has been completed to the degree necessary to permit proper operation thereof the full, free and unlimited right, liberty and easement for the

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LESSOR and those persons authorized or permitted by the LESSOR to enter, go, pass, and repass upon and along the part of the Parking Facility on the Society's Lands with or without motor vehicles for the purpose of gaining egress from the part of the Parking Facility on the Company's Lands and the part of the Parking Facility on the SAID LANDS;

- (v) the easement shall be in the form attached hereto as Schedule "B" with an appropriate plan of the easement and with such alterations, additions and deletions as may be agreed upon between the Society and the LESSOR.
- (b) The LESSOR covenants and agrees with the LESSEE that upon the execution by the LESSOR and the Society of the easement in the form attached hereto as Schedule "B" with an appropriate plan of the easement and with such alterations, additions and deletions as agreed to between the LESSOR and the Society the LESSOR will authorize and permit the LESSEE and the lessees and sublessees and others from time to time leasing premises on the SAID LANDS during the TERM to enter, go, pass, and repass upon and along the easement area designated in the easement and in accordance with the terms and conditions thereof and for the purpose therein set out.
- (c) Upon the LESSOR granting the authority and permission under Section 30.01 (b) the LESSEE covenants and agrees to accept such grant and to reimburse the LESSOR during the TERM for all costs and expenses paid by the LESSOR to the Society, its successors or assigns in consideration for the easement within thirty (30) days of the receipt of an account therefor from time to time from the LESSOR or if requested by the LESSOR the LESSEE covenants and agrees to pay to the Society, its successors or assigns the amounts which the LESSOR is required to pay to the Society, its successors or assigns in consideration for the easement within thirty (30) days of the receipt of an account therefor from time to time from the Society, its successors or assigns.

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- (d) The LESSOR covenants and agrees with the LESSEE that before the Society and the LESSOR amend or modify any easement granted or to be granted by the Society to the LESSOR as contemplated by this Section 30.01 the LESSOR will consult with the LESSEE in respect to all such amendments or modifications.
- (e) The LESSEE covenants and agrees to reimburse the LESSOR for all fees paid by the LESSOR in registering the easement granted by the Society to the LESSOR in the Vancouver Land Registry Office upon receipt of a written account therefor.

Section 30.02

- (a) The LESSEE covenants and agrees with the LESSOR that not later than one (1) month following the date stipulated in a Certificate of the Architect for the Company as being the date on which the Parking Facility has been completed to the degree necessary to permit proper operation thereof the LESSEE will grant to the LESSOR the full, free and unlimited right, liberty and easement for the LESSOR and those persons authorized or permitted by the LESSOR to enter, go, pass and repass upon and along the part of the Parking Facility on the SAID LANDS with or without motor vehicles for the purpose of gaining access to the part of the Parking Facility on the Society's Lands and the part of the Parking Facility on the Company's Lands.
- (b) The easement shall be in the form attached hereto as Schedule "C" with an appropriate plan of the easement and with such alterations, additions and deletions as may be agreed upon between the LESSOR and the LESSEE.
- (c) The LESSEE covenants and agrees to reimburse the LESSOR for all fees paid by the LESSOR in registering such easement granted by the LESSEE to the LESSOR in the Vancouver Land Registry Office upon receipt of a written account therefor.

Section 30.03

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 30.04

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

#### Section 30.05

This lease may not be modified or amended except 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 30.06

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 30.07

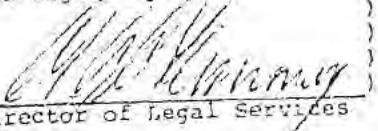
It is further agreed and declared by the LESSOR and the LESSEE that these presents shall extend to, be binding upon and enure to the benefit of the LESSOR and the LESSEE and the

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successors and assigns of the LESSOR and the 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.

SEALED with the Common Seal)  
of the CITY OF VANCOUVER )  
and signed by: )

  
Michael J. Kennedy  
Director of Legal Services

The Common Seal of )  
UNIVERSITY NON-PROFIT )  
BUILDING SOCIETY was here- )  
unto affixed in the )  
presence of: )

Nathaniel Diniery, Secretary  
Adrian R. Miller, Treasurer, Director  
Katherine T. Brantley, Past Director

Approved by Council: July 29, 1975

SCHEDULE "A"

This is the Schedule referred to in  
Paragraph (j) of Section 1.01 of this lease

MODEL STRATA LOT LEASE

BETWEEN:

CITY OF VANCOUVER

(herein called the "LESSOR")

OF THE FIRST PART

AND:

UNIVERSITY NON-PROFIT BUILDING SOCIETY  
a society incorporated under the  
"Societies Act" of the Province of  
British Columbia with an office  
c/o Dr. N. J. Divinsky,  
5689 McMaster Road,  
Vancouver, British Columbia

Certificate of Incorporation No. 10,644  
(herein called the "LESSEE")

OF THE SECOND 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.

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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 the day immediately preceding the sixtieth (60th) anniversary of the DATE FOR COMMENCEMENT OF RENTAL unless this lease shall be renewed under the provisions of Article XXIV.

YIELDING AND PAYING to the LESSOR in each and every of the years 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.

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ARTICLE I  
DEFINITIONS

Section 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, 3.05 and 5.12;
- (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) "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;
- (e) "COMMON PROPERTY" means so much of the SAID LANDS and BUILDINGS for the time being comprised in the LEASEHOLD STRATA PLAN that is not comprised in any STRATA LOT shown in the LEASEHOLD STRATA PLAN;

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- (f) "DATE FOR COMMENCEMENT OF RENTAL" means the date of the GROUND LEASE;
- (g) "GROUND LEASE" means that certain indenture of lease dated the 17<sup>th</sup> day of May, 1976 and made between the City of Vancouver as Lessor, and the University Non-Profit Building Society, as Lessee, wherein the said Lessor demise unto the said lessee for a term of sixty (60) years the SAID LANDS;
- (h) "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;
- (i) "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 deed of trust and mortgage to secure any bonds or debentures issued thereunder;
- (j) "MORTGAGEES" means a mortgagor or mortgagees under a MORTGAGE and includes any trustee for bondholders or debenture holders under a deed of trust and mortgage to secure any bonds or debentures issued thereunder;
- (k) "OWNER" means a person registered in 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;
- (l) "SAID DATE" means the date of substantial completion of the BUILDINGS in accordance with section 4.02 of the GROUND LEASE or 1 July 1976, whichever date occurs first;
- (m) "SAID LANDS" means those lands in the City of Vancouver in the Province of British Columbia, more particularly known and described as lot 27, False Creek, Plan 16003 and owned by the LESSOR;

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- (n) "SPECIAL RESOLUTION" means a special resolution passed by the STRATA CORPORATION in accordance with the provisions of the STRATA TITLES ACT;
- (o) "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;
- (p) "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;
- (q) "STRATA TITLES ACT" means the Strata Titles Act, S.B.C. 1974, Chapter 89, as amended from time to time;
- (r) "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 the day immediately preceding the sixtieth (60th) anniversary of the DATE FOR COMMENCEMENT OF RENTAL, save and except as modified by Article XXIV;
- (s) "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 hereof.

ARTICLE IIPAYMENT OF RENTSection 2.01 Annual Rent

The LESSEE covenants and agrees to pay to the LESSOR as rent BASIC RENT as follows:-

- (a) for and during each year of the TERM ending on the day next preceding the thirtieth (30th) anniversary of the SAID DATE the BASIC RENT for each of the STRATA LOTS described in Schedule "E" attached hereto and in accordance therewith;
- (b) for and during each subsequent ten (10) year period of the TERM commencing on the thirtieth (30th) anniversary of the SAID DATE, 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 the thirtieth (30th) anniversary of the SAID DATE 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 and in its share of the COMMON PROPERTY at the date which shall be six (6) months prior to the thirtieth (30th) anniversary of the SAID DATE 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 that part of the SAID LANDS comprised in the STRATA LOT and in its share of the COMMON PROPERTY 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 during the next ten (10) year period of the TERM a BASIC RENT as provided in section 2.02. The LESSEE covenants and agrees to pay the BASIC RENT as so calculated for each of the said ten (10) year periods of the TERM in twelve

(12) equal monthly instalments 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, 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 as to the first and last months of each of the said ten (10) year periods of the TERM, provided further that the remainder of the TERM following the second ten (10) year period of the TERM referred to in this section 2.01(b) being less than ten (10) years, the provisions of this section 2.01(b) shall apply, mutatis mutandis, to such remaining period.

- (c) In determining the market rental value of that part of the SAID LANDS comprised in the STRATA LOT and in its share of the COMMON PROPERTY pursuant to this Article III, the arbitrator shall exclude from such determination the value of the BUILDINGS and all other structures and improvements in and upon such parts of the SAID LANDS (as if the same were unimproved) and shall determine such market rental value on the basis that such parts of the SAID LANDS may only be used for the purposes set forth in this lease.

#### Section 3.02 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 instalments 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 the 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 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 overpayment.

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.

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ARTICLE IIIPAYMENT OF TAXESSection 3.01 Payment of Taxes if LESSOR  
is not exempt therefrom

Save as otherwise provided in section 3.02, 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

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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 LEASE-HOLD 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 and any 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 3.03 from the date of the deposit of the LEASE-HOLD STRATA FUND; 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

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.

Section 3.04 business Tax and License Fees

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) where required by the City of Vancouver, 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.

SECTION 17USE OF STRATA LOTSection 4.01 USE OF STRATA LOT

The LESSOR covenants and agrees 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 unless the LESSOR approves in writing of any change in such use.

ARTICLE VINSURANCESection 5.01 Insurance

At all times during the TERM, the LESSEE shall at no expense to the LESSOR, insure and keep insured or cause the STRATA CORPORATION to 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 MORTGAGE, 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 and in addition thereto the LESSEE shall, at no expense to the LESSOR, insure and keep insured or cause the STRATA CORPORATION to insure and keep insured the BUILDINGS and any insurable improvements owned by the STRATA CORPORATION against all other risks required to be insured against under the provisions of any MORTGAGE to the extent that insurance against such risks or perils or any of them may be obtained.

Section 5.02 Pressure Vessel Insurance

At all times during the TERM the LESSEE shall, at no expense to the LESSOR maintain or cause the STRATA CORPORATION to 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 5.03 Deductible Amounts

Any of the policies of insurance referred to in section 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 approved by the LESSOR, such approval not to be unreasonably withheld, and the LESSEE or 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 LESSEE shall maintain or cause the STRATA CORPORATION to 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 names of the LESSOR and either the LESSEE or the STRATA CORPORATION (as the case may be) as the insured with loss payable to the LESSOR, the LESSEE, 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 LESSEE or the STRATA CORPORATION prior to any loss, shall not affect the right of the LESSEE, 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 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 or 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 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 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 insurance trustee designated by the by-laws of the STRATA CORPORATION, if any, 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 LESSOR and the LESSEE agree that 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 LESSEE 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 LESSEE shall cause the said insurance

trustee or the STRATA CORPORATION to whom such insurance monies are payable to pay or cause to be paid to the LESSOR such insurance monies in the same manner the said insurance trustee or the STRATA CORPORATION would have done had the STRATA CORPORATION effected such restoration, reconstruction or replacement.

Section 3.08 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 STRATA LOT.

Section 5.01 Comprehensive General Liability

At all times during the TERM, the LESSEE shall, at no expense to the LESSOR, maintain or cause the STRATA CORPORATION to 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 LESSEE shall pay or cause the STRATA CORPORATION to pay all the premiums under the policies of insurance referred to in this Article V as they become due and payable and in default of payment by the LESSEE or STRATA CORPORATION, the LESSOR may pay the same and add the LESSEE's share of the amount so paid, to the BASIC RENT (which share shall be determined as hereinbefore set forth) with all rights of distress and otherwise as reserved to the LESSOR in respect of BASIC RENT 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.

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Section 5.11 Copies of Insurance Policies

The LESSEE shall deliver or cause the STRATA CORPORATION to deliver 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 may be maintained by LESSOR

The LESSOR and the LESSEE agree that:-

- (a) The LESSOR, although not obliged to do so, may obtain and maintain insurance in respect of loss or damage to the LAND and the BUILDINGS against fire and other perils now or hereafter from time to time embraced by or defined in a standard fire insurance extended coverage or additional perils supplemental contract, in excess of any amount for which they are insured by the LESSEE or the STRATA CORPORATION under section 5.01 or in respect of the BUILDINGS, pressure vessel insurance in excess of any amount maintained by the LESSEE or the STRATA CORPORATION under section 5.02, or in respect of any other perils, including liability, in excess of any amount maintained by the LESSEE or the STRATA CORPORATION under section 5.09.
- (b) Should the LESSEE or 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 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 the LESSEE's share

of the premiums for such insurance obtained by the LESSOR (which share shall be determined as hereinafter set forth). The LESSOR shall submit to the LESSEE annually a statement of the amount or amounts payable by the LESSEE under this 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. 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.

Where the BUILDINGS are damaged or destroyed and the BUILDINGS are to be restored, reconstructed or replaced in whole or in part, the LESSOR and the LESSEE agree that the insurance monies payable under any or all of the policies of insurance maintained by the LESSOR under this section 5.12 in respect of loss or damage to the SAID LANDS and the BUILDINGS by fire and other perils or in respect of pressure vessels shall be used by the STRATA CORPORATION for the restoration, reconstruction or replacement of the loss or damage in respect of which such insurance monies are payable under this section 5.12 against certificates of the architect engaged by the STRATA CORPORATION 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 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 such insurance monies shall be used by the LESSOR to effect such restoration, reconstruction or replacement.

ARTICLE VIREPAIRS AND MAINTENANCE

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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 Repair to BUILDINGS

The LESSEE at the LESSEE's cost and expense shall, during the TERM, subject to section 7.01, 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 areas, water and sewer mains and connections, water, steam, gas and electric pipes 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, areaways 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 6.03 Repairs 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 6.02, the LESSOR through