

ARTICLE XX
BANKRUPTCY OF LESSEE

Section 20.01

The parties agree, subject to the provisions of section 21.02, that:

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

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

or dissolution or winding-up commenced and if he holds and retains the SAID LANDS and the BUILDINGS as aforesaid the liquidator, custodian or trustee shall during the said period either:

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

Section 20.02

The LESSOR and LESSEE agree that,

- (a) Should the liquidator, custodian or trustee at any time before or after taking possession, disclaim this lease or surrender possession to the LESSOR, his liability and the liability of the estate of the LESSEE and of the LESSEE for payment of BASIC RENT together with ADDITIONAL RENT is limited to the period of time during which the liquidator,

custodian or trustee remains in possession of the SAID LANDS and the BUILDINGS for the purposes of the trust estate, together with BASIC RENT for the three (3) months next ensuing after the date of disclaimer or surrender of possession by such liquidator, custodian or trustee, whichever last occurs. And if the liquidator, custodian or trustee disclaims this lease or surrenders possession the LESSOR or the LESSOR'S agents or employees authorized by the LESSOR may immediately or at any time thereafter re-enter the SAID LANDS and the BUILDINGS without being liable for any prosecution or damages therefor, and may repossess and enjoy the SAID LANDS and the BUILDINGS and all fixtures and improvements therein and thereon, except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removeable by tenants and which are not part of the BUILDINGS or the SAID LANDS and such liquidator, custodian or trustee shall execute a surrender or assignment to the LESSOR in registrable form.

- (b) Entry into possession of the SAID LANDS and the BUILDINGS by the liquidator, custodian or trustee and its occupation by him while required for the purposes of the performance of his duties in his office shall not be deemed to be evidence of an intention on his part to retain the SAID LANDS and the BUILDINGS, nor affect his right to disclaim or to surrender possession pursuant to the provisions of item (i) of section 20.01.
- (c) If after occupation of the SAID LANDS and the BUILDINGS, the liquidator, custodian or trustee elects to retain it and thereafter sells, transfers or otherwise disposes of the lease, the SAID LANDS and the BUILDINGS and all interests and rights of the LESSEE therein and hereunder to a person approved by the Court as by item (ii) of section 20.01 provided, his liability and the liability of the LESSEE and his estate for the payment of BASIC RENT together with ADDITIONAL RENT, if any, is limited to the period of time during which he remains in possession of the SAID LANDS and the BUILDINGS.

Section 20.03

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

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

The LESSOR and the LESSEE agree that, subject to the provisions of section 21.02, 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, 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 herein contained; AND
- (d) the LESSOR desires to re-enter the SAID LANDS and the BUILDINGS without being liable to any prosecution or damages therefor, and to repossess and enjoy the SAID LANDS and the BUILDINGS and all fixtures and improvements thereon, except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the SAID LANDS and the BUILDINGS,

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

- (i) the SAID LANDS and the BUILDINGS be sold by public auction or private sale on such terms and conditions as the Court deems fair and equitable in the circumstances, the proceeds therefrom to be distributed, after all rent and other money due to the LESSOR

hereunder is paid to the LESSOR, in accordance with the priorities of the persons interested as aforesaid as ascertained by the Court upon enquiry or reference; or

- (ii) the LESSOR or the LESSOR'S agents or employees be authorized to re-enter the SAID LANDS and the BUILDINGS without being liable to any prosecution or damages therefor, and repossess and enjoy the SAID LANDS and the BUILDINGS and all fixtures and improvements therein or thereon, except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the BUILDINGS or the SAID LANDS, as liquidated damages, without such re-entry and repossession working a forfeiture or waiver of the rents to be paid and the covenants to be performed by the LESSEE up to the date of such re-entry and repossession; and

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

Section 21.02 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 the 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 remaining at the date of the notice of default or contingency 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 LESSEE's default and the LESSEE's default shall be deemed to have been sufficiently cured if the MORTGAGEE shall,

- (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 mortgagee the right to take possession and control, to cure any default and to assume the lease as aforesaid shall be deemed granted to them in the order of the priority of their respective charges.
- (d) Any re-entry, termination or forfeiture of this lease made in accordance with the provisions of this lease as against the LESSEE shall be valid and effectual against the LESSEE even though made subject to the rights of any MORTGAGEE to cure any default of the LESSEE and to continue as tenant under this lease.

- (e) No entry upon the SAID LANDS or into the BUILDINGS by the MORTGAGEE pursuant to this section 21.02 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, 1977). 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 either 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.

- (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, 1977, 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, 1977, 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 XXIVCERTAIN 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.

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 XXVIII
CONVERSION OF GROUND LEASE
UNDER STRATA TITLES ACT

Section 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 58 of the STRATA TITLES ACT.
- (d) Subject always to section 28.02, 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.

- (c) 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 form of the model strata lot lease (hereinafter in this section 28.02 called "the original model strata lot lease") attached hereto as Schedule B which schedule forms part of this 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 original ground lease") which are made necessary as a result of any additions, amendments and modifications to the original model strata lot lease.
- (b) When the appropriate additions, amendments and modifications shall have been made to the original ground lease and the original 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 original ground lease and original 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 the LESSEE by separate leases in the form of the amended model strata lot lease.
- (e) In the event that the parties are unable to reach agreement on the terms and conditions of the leases to be substituted for the original ground lease and the original model strata lot lease as contemplated by the parties under this section 28.02, then the matters upon which there is disagreement shall be determined by arbitration.
- (f) 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 original ground lease and the original model strata lot lease made by the LESSOR and the LESSEE pursuant to section 26.02 (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 original ground lease and original 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 Contract of STRATA CORPORATION

PROVIDED the STRATA CORPORATION is authorized or empowered by statute to so contract, the LESSEE covenants with the LESSOR if requested by the LESSOR to cause the STRATA CORPORATION created by the provisions of the STRATA TITLES ACT upon deposit of the LEASEHOLD STRATA PLAN to enter into a contract with the LESSOR with respect to any or all of the following provisions contained in the model strata lot lease attached hereto as Schedule B including any additions, amendments and modifications made thereto by the LESSOR and the LESSEE pursuant to section 28.02 hereof dealing with the BUILDINGS, COMMON PROPERTY and COMMON FACILITIES

- (a) obtaining and maintaining insurance and payment of the premiums thereof;
- (b) repairs and maintenance, of COMMON PROPERTY, COMMON FACILITIES and assets of the STRATA CORPORATION;
- (c) disposition on destruction of BUILDINGS;
- (d) repair or replacement of BUILDINGS when the same are damaged or destroyed to an extent that is not more than one-third (1/3) of the value of the BUILDINGS;
- (e) replacement, changes, alterations, and substitutions under section 8.01 of the said model strata lot lease;
- (f) responsibility for mechanics' liens;
- (g) observance of governmental regulations, etc.;
- (h) indemnity under section 14.02 of the said model strata lot lease;
- (i) conduct upon the SAID LANDS or in the BUILDINGS;
- (j) payment of rent or taxes or both, if mutually agreed to with the LESSOR;
- (k) responsibility for and payment of utility services

so as to relieve the lessees of each of the STRATA LOTS from the burden of observing and performing such of the foregoing obligations as the LESSOR and the LESSEE may agree upon and in the opinion of the LESSOR and the LESSEE can be more effectively and equitably observed and performed by the STRATA CORPORATION on behalf of all of the lessees of the STRATA LOTS until the termination of all of the STRATA LOT leases.

Section 28.04 Exoneration of Liability

Upon completion of the BUILDINGS as required by the provisions of section 4.01, and upon registration of the

LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office, and if the LESSEE shall have paid the BASIC RENT, ADDITIONAL RENT, taxes and any other monies required to be paid hereunder and observed and performed the covenants and agreements herein to be performed by the LESSEE up to the date of registration of the LEASEHOLD STRATA PLAN, the LESSEE shall be exonerated from, and relieved of and discharged from any and all further liabilities or obligations under this Ground Lease. It is understood, however, that the aforementioned exoneration does not relieve in any way howsoever the LESSEE from its liabilities or obligations under the covenants, terms and conditions contained in the model strata lot lease attached to this lease as Schedule B and any additions, amendments and modifications made thereto by the LESSOR and the LESSEE pursuant to section 28.02 by which each STRATA LOT shall be held during the unexpired residue of the TERM remaining from and after the conversion of this lease and any additions, amendments and modifications made thereto by the LESSOR and the LESSEE pursuant to section 28.02.

Section 28.05 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 three (3) 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 SAID LANDS by the LESSEE.

If the parties fail to reach agreement within six (6) months following the end of the said three (3) 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 12th Avenue
Vancouver, British Columbia

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

and in the case of the LESSEE addressed to:

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

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

ARTICLE XXX
MISCELLANEOUS

Section 30.01

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

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

Section 30.02 Waiver of Rent and Taxes to 15 January, 1977

The LESSOR waives the BASIC RENT payable by the LESSEE under the provisions of Schedule "A" attached hereto and the ADDITIONAL RENT payable by the LESSEE under the provisions of Section 3.02 for the period commencing 1 October, 1976, and ending 15 January, 1977, and the LESSEE shall not be in default hereunder by reason of non-payment of such BASIC RENT and ADDITIONAL RENT.

Section 30.03

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

Section 30.04

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 30.05

The captions and headings throughout this lease are for convenience and reference only and the words and phrases

Section 30.06

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

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

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SCHEDULE "A"

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

Payment Schedule

Part A

DWELLING UNITS

The annual rent payable and to be paid by the LESSEE for and during each year of the TERM commencing on 1 October, 1976 for the part or parts of the SAID LANDS and BUILDINGS permitted by section 5.01 to be used for dwelling units is as follows:-

- (a) for and during each year of the three (3) year period of the TERM commencing on 1 October, 1976 the annual sum of \$37,838.00 which shall be paid by the LESSEE in twelve (12) equal monthly instalments in advance on the 1st day of each and every month in each year during the said three (3) year period of the TERM.
- (b) for and during each year of the twenty-seven (27) year period of the TERM commencing on 1 October, 1979 an annual sum which is determined by multiplying the said sum of \$37,838.00 by the escalation rate determined annually in accordance with Part C of this Schedule "A"; provided that if the national personal disposable income (herein called "the PDI") ceases to be published by Statistics Canada or the then recognized Statistics Branch of the Government of Canada or if the PDI is computed on a different basis from the basis on which it is computed on 1 October, 1979, there shall be applied in the place of the PDI for the purposes of determining the BASIC RENT pursuant to this paragraph (b) such substitution for the PDI as the LESSOR and the LESSEE may agree upon, and failing agreement between them, such substitution for the PDI as may be determined by arbitration to be the index most accurately measuring the national personal disposable income in Canada at the date such index is required to be determined hereunder weighted in a manner most closely approximating the PDI last published by Statistics Canada.

If the estimated population in Canada and the provinces ceases to be published by Statistics Canada or the then recognized statistics branch of the Government of Canada, there shall be applied in the place of the estimate for the purposes of determining the BASIC RENT pursuant to this paragraph (b) such other estimate as the LESSOR and the LESSEE may agree upon and failing agreement between them, such other estimate as may be determined by arbitration. Until the arbitrators shall have determined the substitution for the PDI the LESSEE shall pay to the LESSOR pending such determination a BASIC RENT as provided in section 2.04 of this lease. The LESSEE covenants and agrees to pay the BASIC RENT as so determined annually for the twenty-seven (27) year period hereof in twelve (12) equal monthly instalments in advance on the first day of each month in each year during the twenty-seven (27) year period of the TERM.

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

section 2.04 of this lease. The LESSEE covenants and agrees to pay the BASIC RENT as so determined for each of the said ten (10) year periods of the TERM in twelve (12) equal monthly installments in advance on the first day of each month in each year during the ten (10) year period of the TERM to which such BASIC RENT applies, 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. The floor areas used for dwelling units and the floor area used for commercial purposes shall be determined by the ARCHITECT and submitted to the LESSOR and the LESSEE at the same time as the ARCHITECT is requested to submit his certificate of substantial completion of the BUILDINGS under section 4.02.

SCHEDULE "A"Part B
COMMERCIAL UNIT

The rent hereinafter set forth opposite each of the following periods of the TERM commencing 1 December, 1976 shall be paid by the LESSEE in equal monthly instalments in advance on the 1st day of each and every month in each of such periods for the part or parts of the SAID LANDS and BUILDINGS permitted by section 5.01 to be used for commercial purposes:-

<u>Period of TERM</u>	<u>Rent Payable</u>
1 December 1976 to 30 November 1977	\$1,159.00
1 December 1977 to 30 November 1978	2,317.00
1 December 1978 to 30 November 1979	2,317.00
1 December 1979 to 30 November 1980	2,317.00
1 December 1980 to 30 November 1981	2,317.00
1 December 1981 to 30 November 1982	2,804.00
1 December 1982 to 30 November 1983	2,804.00
1 December 1983 to 30 November 1984	2,804.00
1 December 1984 to 30 November 1985	2,804.00
1 December 1985 to 30 November 1986	2,804.00
1 December 1986 to 30 November 1987	3,414.00
1 December 1987 to 30 November 1988	3,414.00
1 December 1988 to 30 November 1989	3,414.00
1 December 1989 to 30 November 1990	3,414.00
1 December 1990 to 30 November 1991	3,414.00
1 December 1991 to 30 November 1992	3,902.00
1 December 1992 to 30 November 1993	3,902.00
1 December 1993 to 30 November 1994	3,902.00
1 December 1994 to 30 November 1995	3,902.00
1 December 1995 to 30 September 1996	3,252.00

AND THEREAFTER the LESSEE shall pay for and during each subsequent ten (10) year period of the TERM commencing on 1 October 1996 such annual sum or annual sums (as the case may be) as may be agreed upon in writing by and between the LESSOR and the LESSEE, provided that if the LESSOR and the LESSEE do not agree in writing upon the BASIC RENT for any of the subsequent ten (10) year periods of the TERM at least six (6) months prior to 30 September, 1996 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 that sum which bears to the total market rental value of the SAID LANDS the same ratio as the floor area used for or permitted by this lease to be used for commercial purposes bears to the aggregate total floor areas used for or permitted by this lease to be used for dwelling units and commercial purposes at the date which shall be six (6) months prior to 30 September, 1996 or the end of the ten (10) year period (as the case may be) of the TERM next preceding and such market rental value shall be determined by arbitration. The arbitrators shall within the six (6) month period aforesaid appraise and determine the market rental value of the SAID LANDS as of the date hereinbefore set out and if the arbitrators shall not have determined such market rental value within the said six (6) month period, the LESSEE shall pay to the LESSOR pending such determination a BASIC RENT as provided in section 2.04 of this lease. The LESSEE covenants and agrees to pay the BASIC RENT as so determined for each of the said ten (10) year periods of the TERM in twelve (12) equal monthly installments in advance on the first day of each month in each year during the ten (10) year period of the TERM to which such BASIC RENT applies, 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. The floor areas used for dwelling units and the floor area used for commercial purposes shall be determined by the ARCHITECT and submitted to the LESSOR and the LESSEE at the same time as the ARCHITECT is requested to submit his certificate of substantial completion of the BUILDINGS under section 4.02.

SCHEDULE "A"PART CESCALATION RATE

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

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

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

"year 2" means

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

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

For example:-

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

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

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

= percentage increase in the per capita PDI

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

For example:-

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

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

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

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

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

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

SCHEDULE B.

This is the schedule referred to in
Paragraph (a) of section 28.02 of this lease

MODEL STRATA LOT LEASE

BETWEEN:

CITY OF VANCOUVER

(herein called the "LESSOR")

OF THE FIRST PART

AND:

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

(herein called the "LESSEE")

OF THE SECOND PART

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.

SCHEDULE B.

This is the schedule referred to in
Paragraph (a) of section 28.02 of this lease

MODEL STRATA LOT LEASE

BETWEEN:

CITY OF VANCOUVER

(herein called the "LESSOR")

OF THE FIRST PART

AND:

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

(herein called the "LESSEE")

OF THE SECOND PART

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.

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

For example:-

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

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

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

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

(2) Escalation Rate = $(12.4 - 1.00\%) \times 75\% = 7.05\%$

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

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

YIELDING AND PAYING to the LESSOR 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.

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 LESSEES 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;

- (f) "GROUND LEASE" means that certain indenture of lease dated as of the 1st day of October, 1976 and made between the City of Vancouver, as lessor, and Frank Stanzl Construction Ltd., as lessee, wherein the said lessor demised unto the said lessee for a term of sixty (60) years the SAID LANDS.
- (g) "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;
- (h) "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;
- (i) "MORTGAGEE" means a mortgagee 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;
- (j) "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;
- (k) "SAID LANDS" means those lands in the City of Vancouver in the Province of British Columbia, more particularly known and described as Lot 25 False Creek, Plan 16003, and owned by the LESSOR;
- (l) "SPECIAL RESOLUTION" means a special resolution passed by the STRATA CORPORATION in accordance with the provisions of the STRATA TITLES ACT;

- (m) "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;
- (n) "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;
- (o) "STRATA TITLES ACT" means the Strata Titles Act, S.B.C. 1974, Chapter 89, as amended from time to time;
- (p) "TERM" means the unexpired portion of the term of the GROUND LEASE commencing on the date of deposit of the LEASEHOLD STRATA PLAN and ending on 30 September, 2036 save and except as modified by Article XXIV;
- (q) "UNIT ENTITLEMENT" means the unit entitlement of a STRATA LOT and indicates the share of the OWNER in the COMMON PROPERTY, COMMON FACILITIES, and other assets of the STRATA CORPORATION and is the figure by reference to which the OWNER's contribution to the common expenses of a STRATA CORPORATION is calculated.

Section 1.02

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

Section 1.03

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

ARTICLE IIPAYMENT OF RENTSection 2.01 Annual Rent

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

Section 2.02 Adjustment of BASIC RENT

If the BASIC RENT at any time payable hereunder is subject to a revision which is dependent upon a determination to be made pursuant to the provisions of section 2.01, but which has not then been made, and if consequently the amount of the revision of the BASIC RENT cannot then be ascertained, the LESSEE shall, pending such determination, continue to pay monthly 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.

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

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

Section 3.02 Payment of Taxes if LESSOR
is exempt therefrom

The LESSEE covenants and agrees with the LESSOR that if during the TERM, the STRATA LOT, all other structures, all machinery, equipment and facilities and other property of any nature whatsoever thereon and therein 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 LAND and they would otherwise have been subject to taxation, then the LESSEE shall in each and every year during the TERM that such exemption occurs pay to the LESSOR as ADDITIONAL RENT, in like manner and time as taxes are to be paid pursuant to section 3.01, an amount equal to the amount that but for such exemption would have been paid by the LESSEE pursuant to section 3.01 for taxes, rates, duties, charges, assessments, including school taxes and local improvement rates, and other charges. For such purpose in each year during the TERM the following provisions shall apply:

- (i) if the City of Vancouver or any municipal, parliamentary, legislative, regional or other authority having the authority so to do passes a by-law or by-laws in advance of the passing of a rating by-law or preparation of the real-property tax roll for the current year providing for the payment of real-property taxes and other charges imposed or to be imposed upon real property within the City of Vancouver by monthly, quarterly or twice-yearly instalments and providing that the amounts of such instalments shall be a percentage of the amount of real-property taxes payable on the real-property roll for the immediately preceding year, the LESSOR shall deliver to the LESSEE an advance tax statement or statements of the amount or amounts owing under such by-law or by-laws from time to time in respect of the STRATA LOT and all other structures, all machinery and equipment and facilities and other property of any nature whatsoever thereon and therein; and

(ii) after the passing of a rating by-law or rating by-laws (as the case may be) by the City of Vancouver or any municipal, parliamentary, legislative, regional or other authority having the authority so to do, establishing the rate or rates to be levied on real property within the City of Vancouver, for the current year, the LESSOR shall determine the ADDITIONAL RENT by applying the rate or rates of levy established by such rating by-law or rating by-laws (as the case may be) to all, or such portion of the assessed value of the STRATA LOT and all other structures, all machinery, equipment and facilities and other property of any nature whatsoever thereon and therein as the said rate or rates of levy are applied to other taxpayers in the City of Vancouver in like case, and the LESSOR shall deliver to the LESSEE a statement of the amount payable under this section 3.02 after deducting all real-property taxes and other charges paid in advance for the current year.

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

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

Section 3.03 Delinquent Taxes

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

Section 3.04 Payment for Utility Services

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 3.05 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) 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.

ARTICLE IV
USE OF STRATA LOT

Section 4.01 Use of STRATA LOT

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

ARTICLE V
INSURANCE

Section 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 SAID LANDS, the BUILDINGS and any insurable improvements owned by the STRATA CORPORATION and effected in the Province of British Columbia by prudent owners from time to time during the TERM including, without restricting the generality of the foregoing, the hazards of lightning, earthquake, explosion, wind storm, cyclone, tornado, hail, riot, civil commotion, malicious damage, aircraft, smoke and vehicle damage to the extent that insurance against such risk or perils, or any of them, may be obtained in an amount equal to the full replacement value thereof and in addition thereto the LESSEE shall at no expense to the LESSOR insure and keep insured or cause the STRATA CORPORATION to insure or 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 name of the LESSOR and 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 LESSOR 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 5.08 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 5.09 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 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 the 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 hereinafter 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.

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 SAID LANDS 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 5.03.
- (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 5.03, 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 such amount as, at the rates charged by the insurance companies with whom the LESSOR has placed such insurance, will pay all premiums therefor (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.

Subject to Article VII hereof, 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 MAINTENANCESection 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 area, 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 thereof, 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

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 6.02; 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 borne by the LESSEE in the proportion determined as hereinafter set forth and the amount as so determined shall be reimbursed to the LESSOR by the LESSEE on demand together with 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 from the date incurred until paid and may be recovered by the LESSOR as BASIC RENT. In apportioning any amount to which the LESSOR is entitled to reimbursement under this section 6.03 such amount shall be borne by the LESSEE in the proportion that the UNIT ENTITLEMENT of the LESSEE'S STRATA LOT bears to the aggregate UNIT ENTITLEMENT of all of the STRATA LOTS.

Section 6.04 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 or fails to cause the STRATA CORPORATION to keep the public sidewalk 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 borne by the LESSEE in the proportion determined as hereinafter set forth and the amount so determined 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. In apportioning any amount to which the LESSOR is entitled to reimbursement under this section 6.04 such amount shall be borne by the LESSEE in the proportion that the UNIT ENTITLEMENT of the LESSEE'S STRATA LOT bears to the aggregate UNIT ENTITLEMENT of all of the STRATA LOTS.

Section 6.05 LESSEE not relieved of obligations to repair

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

ARTICLE VIIDAMAGE OR DESTRUCTIONSection 7.01 Deemed destruction of the BUILDINGS .

The LESSOR and the LESSEE agree as follows:-

- (a) Subject always to section 7.01(j) for the purposes of this lease, the BUILDINGS shall be deemed to be destroyed on the happening of the following events:
 - (i) when the OWNERS by SPECIAL RESOLUTION so resolve; or
 - (ii) when the Supreme Court of British Columbia (hereinafter in this Article VII referred to as "the Court") is satisfied that, having regard to the rights and interests of the OWNERS as a whole, it is just and equitable that the BUILDINGS shall be deemed to have been destroyed and makes a declaration to that effect.
- (b) Subject always to section 7.01(j), where a declaration has been made under section 7.01(a)(ii) the Court may by order impose such conditions and give such directions, including directions for the payment of money, as it thinks fit for the purposes of adjusting as between the STRATA CORPORATION and the OWNERS and as amongst the OWNERS themselves the effect of the declaration.
- (c) Where the BUILDINGS are damaged but not deemed to be destroyed, the Court may, by order, settle a scheme, including provisions
 - (i) for the reinstatement in whole or in part of the BUILDINGS; and
 - (ii) for transfer or conveyance of the interest of OWNERS of STRATA LOTS that have been wholly or partially destroyed to the other OWNERS in proportion to the UNIT ENTITLEMENT of the STRATA LOTS of which they are the OWNERS.

- (d) In the exercise of its powers under section 7.01(c), the Court may make such orders as it considers necessary or advisable in order to give effect to the scheme, including orders
- (i) directing the application of insurance monies received by the STRATA CORPORATION in respect of damage to the BUILDINGS;
 - (ii) directing payment of money by the STRATA CORPORATION, or by OWNERS, or by some one or more of them;
 - (iii) directing such amendment of the LEASEHOLD STRATA PLAN as the Court thinks fit, so as to include in the COMMON PROPERTY any enlargement thereof; and
 - (iv) imposing such terms and conditions as it thinks fit.
- For the purposes of this section 7.01, an application may be made to the Court by the STRATA CORPORATION or by an OWNER, or by a registered MORTGAGEE of a STRATA LOT.
- (f) The Court, on the application of the STRATA CORPORATION, or of an OWNER of a STRATA LOT, or of the registered MORTGAGEE of a STRATA LOT, may by order, make provision for the winding-up of the affairs of the STRATA CORPORATION, and, by the same or subsequent order, may declare the STRATA CORPORATION dissolved as of and from a date specified in the order.
- (g) On an application to the Court under this section 7.01, the STRATA CORPORATION, an OWNER of a STRATA LOT, a registered MORTGAGEE of a STRATA LOT, and any insurer who has effected insurance on the BUILDINGS or any part thereof in respect of damage or destruction of the BUILDINGS has the right to appear.
- (h) The Court may, from time to time, vary an order made by it under this section 7.01.

- (i) On any application under this section 7.01, the Court may make such order for the payment of costs as it thinks fit.
- (j) Section 7.01(a) and section 7.01(b) do not apply unless the BUILDINGS have been damaged or destroyed to an extent in excess of one-third of the value of the BUILDINGS.

Section 7.02 Special provision - Section 7.01 not to apply

The LESSOR and the LESSEE agree that upon termination of all leases of STRATA LOTS or upon purchase of the OWNERS' interest in STRATA LOTS pursuant to Article XXV, the BUILDINGS shall be deemed to be destroyed, and the strata council of the STRATA CORPORATION shall distribute the assets of the STRATA CORPORATION to the OWNERS in shares apportioned in accordance with the Schedules filed pursuant to section 3 of the STRATA TITLES ACT, and section 7.01 does not apply. The STRATA CORPORATION shall forthwith lodge with the Vancouver Land Registrar a notice of destruction in a form prescribed by the STRATA TITLES ACT and the regulations thereunder.

Section 7.03 Disposition on Destruction of BUILDINGS

The LESSOR and the LESSEE agree that

- (a) where the BUILDINGS are destroyed, the STRATA CORPORATION may resolve, by SPECIAL RESOLUTION, not to rebuild, in which event the provisions of section 24 of the STRATA TITLES ACT shall apply with the necessary changes and so far as applicable to Part III of the STRATA TITLES ACT, but the MORTGAGEE shall not have the right to a vote on the SPECIAL RESOLUTION for the purpose of this section 7.03;
- (b) if the STRATA CORPORATION resolves not to rebuild the BUILDINGS, the interest of the OWNERS in the SAID LANDS shall revert to the LESSOR.

Section 7.04 Special provision if Sections 34 and 35 of the
STRATA TITLES ACT are no longer applicable

The LESSOR and the LESSEE agree that if at any time during the TERM any of the provisions of section 34 and 35 of the STRATA TITLES ACT are amended so as to make them no longer applicable to this lease or the LESSOR or Part III of the STRATA TITLES ACT or to any ground leases heretofore, now or hereafter made by the LESSOR for the purposes of the STRATA TITLES ACT and registered in the Vancouver Land Registry Office, then when such amendment or amendments come into force, the provisions of Schedule A, attached hereto shall apply, mutatis mutandis, to this lease and be binding upon the parties to the extent that the provisions of sections 34 and 35 of the STRATA TITLES ACT are no longer applicable hereto.

Section 7.05 LESSEE's obligations when BUILDINGS damaged
or destroyed to an extent that is not more
than one-third of the value thereof

Subject to the provisions of section 7.01(c) and section 7.01(d), the LESSEE covenants and agrees with the LESSOR that in the event of damage to or destruction of the BUILDINGS to an extent that is not more than one-third (1/3) of the value of the BUILDINGS, the LESSEE shall or shall cause the STRATA CORPORATION to either (a) replace any part of the BUILDINGS destroyed with a new structure in accordance with any agreement that may be made by the LESSEE with the LESSOR, or (b) repair or replace such damage or destruction, in the absence of any agreement.

ARTICLE VIIIREPLACEMENTS, CHANGES, ALTERATIONS
AND SUBSTITUTIONSSection 8.01

Except as hereinafter expressly provided, 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 any part thereof, or the exterior appearance of the BUILDINGS, or any part thereof, 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 IX, 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 IXUNAVOIDABLE DELAYSSection 9.01

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 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 XMECHANICS' LIENSSection 10.01

Except as otherwise provided in section 10.02 hereof, the LESSEE shall, throughout the TERM at his own cost and expense, cause any and all liens or claims of liens for labour, services or materials alleged to have been furnished with respect to the SAID LANDS or the BUILDINGS which may be filed against or otherwise affect the SAID LANDS or the BUILDINGS to be paid, satisfied, released or vacated within forty-two (42) days after the LESSOR shall send to the LESSEE written notice by registered mail of any claim for any such lien, PROVIDED HOWEVER, that in the event of a bona fide dispute by the LESSEE of the validity or correctness of any claim for any such lien, the LESSEE shall not be bound by the foregoing but shall be entitled to defend against the same in any proceedings brought in respect thereof after first paying into Court the amount claimed or sufficient security therefor and such costs as the Court may direct and registering all such documents as may be necessary to cancel such lien, or providing such other security in respect of such claim as the LESSOR may in writing approve.

Section 10.02

Notwithstanding anything contained in section 10.01 hereof the LESSEE shall not be responsible for paying, satisfying, releasing or vacating any liens or claims of liens for labour, services or materials furnished with respect to and filed against any STRATA LOT other than the LESSEE'S STRATA LOT, PROVIDED HOWEVER that the provisions of this section 10.02 do not apply to any of the liens or claims of liens aforesaid filed against any COMMON PROPERTY or COMMON FACILITIES.

ARTICLE XIINSPECTION AND EXHIBITION BY LESSORSection 11.01 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 STRATA LOT, and to examine the condition thereof; and, further, that all wants of reparation 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 18.01 well and sufficiently repair and make good accordingly.

Section 11.02 Exhibition by LESSOR

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

ARTICLE XII
OBSERVANCE OF GOVERNMENTAL
REGULATIONS ETC.

Section 12.01

The LESSEE covenants with the LESSOR that throughout the TERM the LESSEE will comply with and cause the STRATA CORPORATION to comply with all provisions of law including without limitation, municipal, regional, provincial and federal legislative enactments, zoning and building by-laws, and any municipal, regional, provincial, federal or other governmental regulations which relate to the equipment, maintenance, operation and use of the 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 and cause the STRATA CORPORATION 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 requirements governing the use and occupation of the SAID LANDS or the BUILDINGS.

ARTICLE XIIIRIGHTS OF LESSOR AND LESSEESection 13.01

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

ARTICLE XIVINDEMNITYSection 14.01 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 14.02 Injury, damage or loss of property

(a) Notwithstanding the provisions of section 5.06 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:

- (i) any injury to person or persons, including death resulting at any time therefrom, occurring in or about the SAID LANDS or the BUILDINGS; and
- (ii) 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.

(b) Notwithstanding anything contained in section 14.02 (a), except for his own negligent acts or omissions, the LESSEE shall not be responsible for any manner of actions, causes of action, suits, damages, losses, costs, claims or demands of any nature whatsoever relating to or arising during the TERM out of any injury to person or persons, including death resulting at any time therefrom, occurring in or about any STRATA LOT other than THE LESSEE'S STRATA LOT and any damage to or loss of property

occasioned in or about any STRATA LOT other than the LESSEE'S STRATA LOT, PROVIDED HOWEVER that the provisions of this section 14.02(b) do not apply to any injury (including death) or any damage or loss aforesaid occurring or occasioned in or about any COMMON PROPERTY or COMMON FACILITIES.

Section 14.03 Indemnification survives
termination of lease

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

ARTICLE XVSUBLETTING AND ASSIGNINGSection 15.01 Subletting by LESSEE

- (a) The LESSEE may at any time and from time to time during the TERM sublease (whether or not by way of MORTGAGE) the STRATA LOT without the consent of the LESSOR;
- (b) Notwithstanding any such consent being given by the LESSOR under this section 15.01 and such subleasing being effected, the LESSEE shall remain bound to the LESSOR for the fulfilment of all of its obligations hereunder.
- (c) If requested by the LESSOR, a copy of any or all subleases shall be forwarded to the LESSOR within thirty (30) days of the conclusion of each transaction together with particulars of registration (if any) in the Vancouver Land Registry Office.

Section 15.02 Assignment by LESSEE

The LESSEE may at any time and from time to time during the TERM, assign (whether or not by way of MORTGAGE) the STRATA LOT without the consent of the LESSOR. PROVIDED HOWEVER that any assignment by the LESSEE of its leasehold interest in a STRATA LOT shall be made subject to the following conditions:-

- (a) the assignment shall be in the form attached hereto as Schedule B which forms a part of this lease with such additions, deletions or amendments thereto as are appropriate to the premises to be assigned and as are approved by the LESSOR;
- (b) where an assignment of a STRATA LOT is made by the LESSEE, the LESSEE shall deliver to the assignee thereof the Leasehold Certificate of Title thereto unless the Leasehold Certificate of Title has been deposited in the Vancouver Land Registry Office;

- (c) 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.

ARTICLE XVIMORTGAGE

Section 16.01 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 the STRATA LOT by way of MORTGAGE, provided however that in the event of and notwithstanding any such assignment or subletting the LESSEE shall be and remain liable for the payment of all BASIC RENT, ADDITIONAL RENT and taxes and the performance of all the terms, covenants and conditions of this lease.

Section 16.02 MORTGAGE subject to LESSOR'S
rights under lease

Subject to the provisions of section 18.02 every MORTGAGE shall be made expressly subject to the rights of the LESSOR under this lease.

ARTICLE XVII
BANKRUPTCY OF LESSEE

Section 17.01

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

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

then the liquidator, custodian or trustee shall have the right to disclaim this lease or to hold and retain the STRATA LOT for a period not exceeding six (6) months from the effective date of any such receiving order, assignment, judgment, decree, order or the commencement of dissolution or winding-up, as the case may be, or until the expiration of the TERM, whichever first happens

on the same terms and conditions as the LESSEE might have held the STRATA LOT had no such receiving order, assignment, judgment, decree or order been made or dissolution or winding-up commenced and if he holds and retains the STRATA LOT as aforesaid the liquidator, custodian or trustee shall during the said period either:

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

Section 17.02

The LESSOR and LESSEE agree that.

- (a) Should the liquidator, custodian or trustee at any time before or after taking possession, disclaim this lease or surrender possession to the LESSOR, his liability and the liability of the estate of the LESSEE and of the LESSEE for payment of BASIC RENT together with ADDITIONAL RENT is limited to the period of time during which the liquidator,

custodian or trustee remains in possession of the STRATA LOT for the purposes of the trust estate, together with BASIC RENT for the three (3) months next ensuing after the date of disclaimer or surrender of possession by such liquidator, custodian or trustee, whichever last occurs. And if the liquidator, custodian or trustee disclaims this lease or surrenders possession the LESSOR or the LESSOR'S agents or employees authorized by the LESSOR may immediately or at any time thereafter re-enter the STRATA LOT without being liable for any prosecution or damages therefor, and may repossess and enjoy the STRATA LOT and all fixtures and improvements therein and thereon, except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removeable by tenants and which are not part of the STRATA LOT and such liquidator, custodian or trustee shall execute a surrender or assignment to the LESSOR in registrable form.

- (b) Entry into possession of the STRATA LOT by the liquidator, custodian or trustee and its occupation by him while required for the purposes of the performance of his duties in his office shall not be deemed to be evidence of an intention on his part to retain the STRATA LOT, nor affect his right to disclaim or to surrender possession pursuant to the provisions of item (i) of section 17.01.
- (c) If after occupation of the STRATA LOT, the liquidator, custodian or trustee elects to retain it and thereafter sells, transfers or otherwise disposes of the lease, the STRATA LOT and all interests and rights of the LESSEE therein and hereunder to a person approved by the Court as by item (ii) of section 17.01 provided, his liability and the liability of the LESSEE and his estate for the payment of BASIC RENT together with ADDITIONAL RENT, if any, is limited to the period of time during which he remains in possession of the STRATA LOT.

Section 17.03

The liquidator, custodian or trustee shall pay to the LESSOR for the period during which the liquidator, custodian or trustee actually occupies the STRATA LOT pursuant to section 17.01 hereof the BASIC RENT together with ADDITIONAL RENT calculated on the basis of this lease and payable in accordance with the terms hereof.

ARTICLE XVIIIDEFAULT BY LESSEESection 18.01 Re-entry on certain defaults by LESSEE

The LESSOR and the LESSEE agree that, subject to the provisions of section 18.02, 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, 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 herein contained; AND
- (d) the LESSOR desires to re-enter the STRATA LOT without being liable to any prosecution or damages therefor, and to repossess and enjoy the STRATA LOT and all fixtures and improvements thereon, except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the STRATA LOT,

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

- (i) the STRATA LOT be sold by public auction or private sale on such terms and conditions as the Court deems fair and equitable in the

circumstances, the proceeds therefrom to be distributed, after all rent and other money due to the LESSOR hereunder is paid to the LESSOR, in accordance with the priorities of the persons interested as aforesaid as ascertained by the Court upon enquiry or reference; or

- (ii) the LESSOR or the LESSOR'S agents or employees be authorized to re-enter the STRATA LOT without being liable to any prosecution or damages therefor, and re-possess and enjoy the STRATA LOT and all fixtures and improvements therein or thereon, except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the STRATA LOT 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; and

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

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

(c) If this lease shall be subject to termination or forfeiture pursuant to Article XVII 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 XXVI, the LESSOR shall give to the MORTGAGEE notice of the bankruptcy or insolvency of the LESSEE entitling the LESSOR to terminate or forfeit this lease and stating the LESSOR'S intention to take such proceedings and requiring the MORTGAGEE to cure the LESSEE'S default and the LESSEE'S default shall be deemed to have been sufficiently cured if the MORTGAGEE shall,

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

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

- (d) Any re-entry, termination or forfeiture of this lease made in accordance with the provisions of this lease as against the LESSEE shall be valid and effectual against the LESSEE even though made subject to the rights of any MORTGAGEE to cure any default of the LESSEE and to continue as tenant under this lease.
- (e) No entry upon the STRATA LOT by the MORTGAGEE pursuant to this section 18.02 for the purpose of curing any default or defaults of the LESSEE shall release or impair the continuing obligations of the LESSEE.

Section 18.03 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 18.04 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 XIXARBITRATIONSection 19.01

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, 1977). 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 either 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.

- (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, 1977, 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, 1977, 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 XXCERTAIN COVENANTS AND AGREEMENTS OF LESSEESection 20.01 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.

Section 20.02 Provision of additional public vehicular transportation

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

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

ARTICLE XXISURRENDER OF LEASESection 21.01

At the end of the TERM, either by forfeiture, default or lapse of time, unless this lease is renewed as provided in Article XXIV, the LESSEE shall surrender the STRATA LOT to the LESSOR in the condition in which it was required to be kept by the LESSEE under the provisions of this lease, except as herein otherwise expressly provided.

ARTICLE XXIIQUIET ENJOYMENT AND LESSEE'S
FIXTURESSection 22.01 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 STRATA LOT for the TERM, without any interruption or disturbance whatsoever from the LESSOR or any other person, firm or corporation lawfully claiming from or under the LESSOR, provided however that nothing in this section 22.01 shall limit the rights of inspection conferred upon the LESSOR by section 11.01 or the right of the LESSOR to show the SAID LANDS and the BUILDINGS and to post notice, pursuant to section 11.02.

Section 22.02 Removal of LESSEE'S Fixtures

At the expiry or earlier termination of the TERM or any renewal of it, the LESSEE may remove its fixtures and the fixtures of its subtenants and licencees and any persons claiming through or under them. Nothing herein shall 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 subtenants, licencees and other persons to make good, any damage to the BUILDINGS caused by any removal of tenants' fixtures.

ARTICLE XXIIIOVERHOLDINGSection 23.01

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

ARTICLE XXIVRENEWAL OF LEASESection 24.01 Renewal Leases

- (a) Unless this lease is terminated by forfeiture or default the LESSOR shall give to the LESSEE notice of its intention to terminate or to renew this lease or any subsequent renewal thereof, at least one (1) year prior to the termination of this lease or any subsequent renewal thereof.
- (b) Where, at the termination hereof, the LESSOR renews this lease, this lease shall be renewed for a term of not less than five (5) years, and any subsequent renewals shall be for a term of not less than five (5) years.
- (c) Where the LESSOR fails to give the notice required under section 24.01 (a) or fails to purchase the LESSEE'S interest in the STRATA LOT under Article XXV, this lease shall be deemed to be renewed for a term of five (5) years.
- (d) Where the LESSOR gives notice of its intention to renew this lease or any subsequent renewal thereof or fails to give the notice required under section 24.01 (a) or fails to purchase the LESSEE'S interest in the STRATA LOT under Article XXV, the LESSOR shall execute and deliver to the LESSEE two copies of a renewal of this lease for a further term of not less than five (5) years from the expiration of this lease or any subsequent renewal thereof subject to the covenants, provisions and agreements as are herein contained, mutatis mutandis, and at a rent to be determined as follows, that is to say,
 - (i) the rent payable by the LESSEE during each renewal term shall be such annual sum as may be agreed upon in writing by and between the LESSOR and the LESSEE, provided however that if the LESSOR and the LESSEE do not agree in writing upon the rent for any renewal term at least six (6) months prior to the termination of this lease or the renewal term immediately preceding the renewal term the rent for

which has yet to be determined, the rent for such renewal term shall be the market rental value of that part of the SAID LANDS comprised in the STRATA LOT as shall bear the same proportion of the said market rental value of the SAID LANDS as the current assessed value of the STRATA LOT bears to the aggregate current assessed value of all of the STRATA LOTS at the date which shall be six (6) months prior to the end of the TERM or the renewal term immediately preceding the renewal term the rent for which has yet to be determined and such market rental value shall be determined by arbitration. The arbitrators shall within the said six (6) month period appraise and determine the market rental value of the aforesaid part of the SAID LANDS. If the arbitrators shall not have determined such market rental value within the said six (6) month period, the LESSEE shall pay to the LESSOR during the renewal term pending such determination rent as provided in section 24.02 (d)(ii). The LESSEE covenants and agrees to pay the annual rent as so determined for each renewal term in twelve (12) monthly instalments in advance, on the first day of each month in each year during each renewal term, provided however, that should the date upon and from which such rent first begins to accrue be a date other than the first day of a month, such rent shall be apportioned accordingly as to the first and last months of the renewal term. In determining the market rental value of the aforesaid part of the SAID LANDS pursuant to this Article XXIV, the arbitrators shall exclude from such determination the value of the BUILDINGS and all other structures and improvements in and upon the SAID LANDS (as if the same were unimproved) and shall determine such market rental value on the basis that the SAID LANDS may only be used for the purposes set forth in this lease.

- (ii) If the annual rent at any time payable under any renewal of this lease is subject to a revision which is dependent upon a determination to be made pursuant to the provisions of this section 24.01 (d) but which has not then been made, and if consequently, the amount of the revision of the rent cannot be ascertained within the time limited herein, the LESSEE

shall, pending the making of the computation, continue to pay monthly instalments calculated at one-twelfth (1/12) of the annual rent payable in the last year of the TERM or any subsequent renewal thereof, as the case may be, and when the revised annual rent has been ascertained, the LESSEE shall pay to the LESSOR the amount, if any, by which the monthly instalments of the revised annual rent payable prior to the date thereof exceeds the amount actually paid between the termination of this lease or any subsequent renewal thereof, as the case may be, and the final determination of the revised annual rent, together with interest at the rate of three per cent (3%) per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver on such excess amount or the LESSOR shall credit the LESSEE against future instalments of annual rent with any overpayment, together with interest at the rate of three per cent (3%) per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver on such overpayment.

Section 24.02 Delivery of Renewal of this Lease

Upon the LESSOR executing and delivering to the LESSEE a renewal of this lease pursuant to the provisions of section 24.01 (d) the LESSEE shall execute the renewal of this lease and deliver an executed copy of the same to the LESSOR.

ARTICLE XXVRIGHT TO PURCHASESection 25.01

- (a) The LESSEE'S interest in the STRATA LOT shall be subject to the right and obligation of the LESSOR to purchase that interest at the date of termination or non-renewal of this lease.
- (b) Where the LESSOR exercises its right to purchase under section 25.01 (a), the purchase price of the LESSEE'S interest in the STRATA LOT shall be its fair market value and, for the purposes of assessing its fair market value, the interest in the STRATA LOT shall be evaluated as if the lease did not terminate and the purchase price shall be arrived at as of the date of termination or non-renewal of this lease.
- (c) If pursuant to section 7.01 the BUILDINGS are deemed to be destroyed, this lease shall be deemed to have terminated and the LESSOR shall purchase the interest of the LESSEE in the STRATA LOT as provided in section 25.01 (b).
- (d) Where the LESSOR exercises its right to purchase under section 25.01 (a) or is required to purchase under section 25.01 (c) and the LESSOR and the LESSEE cannot agree upon the purchase price of the LESSEE'S interest in the STRATA LOT within sixty (60) days (or such extended period as the parties may mutually agree upon) following the termination of this lease or any subsequent renewal thereof, as the case may be, then the purchase price shall be the fair market value of the LESSEE'S interest in the STRATA LOT as determined by arbitration and for the purposes of assessing its fair market value, the interest in the STRATA LOT shall be evaluated as if this lease did not terminate and the purchase price shall be arrived at as of the date of termination or non-renewal of this lease.

- (e) Subject to section 24.01 (a) the LESSOR may give notice to the LESSEE at any time during the TERM or any renewal thereof of its intention to exercise its right to purchase the interest of the LESSEE in the STRATA LOT at the date of termination or non-renewal of this lease.
- (f) The purchase price of the LESSEE'S interest in the STRATA LOT shall be paid less all arrears of BASIC RENT, taxes and ADDITIONAL RENT, if any, not later than thirty (30) days after the purchase price shall have been determined pursuant to this Article XXV.
- (g) All adjustments of interest, rents, taxes, rates and all other matters subject to adjustment as between the LESSOR and the LESSEE under this lease shall be made to the date of payment of the purchase price.
- (h) Where the LESSOR exercises its right to purchase under section 25.01 (a) or is required to purchase under section 25.01 (c) and the purchase price shall have been determined pursuant to this Article XXV, then the LESSOR shall pay the purchase price together with any adjustments all determined as aforesaid to the LESSEE and the LESSEE upon such payment by the LESSOR shall convey to the LESSOR a good safeholding and marketable title to the LESSEE'S interest in the STRATA LOT by good and sufficient deed of conveyance. The LESSEE shall deliver without cost to the LESSOR the said deed of conveyance and all other documents and instruments required in order effectively to convey the LESSEE'S interest in the STRATA LOT to the LESSOR and to effect registration thereof in the Vancouver Land Registry Office so that upon completion of such registration, the LESSOR shall be the registered owner of the LESSEE'S interest in the STRATA LOT free and clear of all and any restrictions, exceptions, reservations or charges.

- (i) In the event that subsequent to the date on which the LESSOR exercises its right to purchase the STRATA LOT as aforesaid, the STRATA LOT or any portion thereof shall be damaged by fire or other casualty any insurance monies or right to insurance monies resulting from loss or damage to the STRATA LOT or any portion thereof purchased by the LESSOR and not applied in accordance with the terms of this lease shall be turned over to the LESSOR upon the completion of the sale.

Notwithstanding anything contained in this lease other than as required by the section 25.01 (c) the LESSOR shall not be obligated to purchase the interest of the LESSEE in the STRATA LOT except upon the expiration by effluxion of time of the TERM or any renewal of this lease and until the LESSOR obtains vacant possession of the STRATA LOT.

ARTICLE XXVINOTICESection 26.01

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

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

and to:

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

and in the case of the LESSEE addressed to:

Frank Stanzl Construction Ltd.
6425 Fraser Street
Vancouver, British Columbia

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

ARTICLE XXVIIMISCELLANEOUSSection 27.01

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

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

Section 27.02

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

Section 27.03

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 27.04

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 27.05

Notwithstanding anything contained in this lease, in the event that the STRATA CORPORATION fails to:

- (a) obtain and maintain insurance on the BUILDINGS to the full replacement values as required by section 5.01 hereof; or
- (b) pay premiums on policies of insurance effected by it under section 5.01 hereof; or
- (c) keep in a state of good order and condition in accordance with the provisions of this lease and properly maintain the COMMON PROPERTY or COMMON FACILITIES; or
- (d) comply with notices or orders by any competent public or local authority requiring repairs or work to be done in respect of the land included in the STRATA LOT or the BUILDINGS;

the LESSOR will, so long as the STRATA CORPORATION has the statutory obligation to perform such duties, and so far as the LESSOR legally can but not otherwise, commence any proceedings for the performance of such obligations or the recovery of any costs or expenses incurred by the LESSOR by reason of any default by the STRATA CORPORATION of any of the said obligations against all of the OWNERS of the STRATA LOTS on the SAID LANDS.

Section 27.06

In the event that there shall be a conflict between the duties and obligations of the LESSOR, the LESSEE or the STRATA CORPORATION under the terms hereof and the provisions of the STRATA TITLES ACT applicable to leasehold STRATA LOTS, the provisions of the STRATA TITLES ACT shall prevail.

Section 27.07

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 heirs, executors, administrators, successors and assigns of the LESSOR and the heirs, executors, administrators, successors and permitted assigns of the LESSEE.

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

SCHEDULE "A"

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

DAMAGE OR DESTRUCTION

Section 7.01 Rent not to abate

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

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

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

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

Subject to the provisions of section 7.05, the LESSEE covenants and agrees with the LESSOR that in the event of complete or substantially complete destruction of the BUILDINGS the LESSEE shall or shall cause the STRATA CORPORATION to either (a) reconstruct or replace the BUILDINGS with a new structure or structures in accordance with any agreement which may be made by the LESSEE with the LESSOR, or (b) in the absence of any such agreement, replace the BUILDINGS with a new structure or structures, comparable to the structure or structures being replaced which shall cost not less than approximately the amount of the insurance monies payable and paid by reason of such destruction.

Section 7.01 Replacement, repair or reconstruction under
section 7.02 or 7.03 to be carried out in
compliance with sections 6.02 and 8.01.

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

SCHEDULE "B"

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

ASSIGNMENT

THIS INDENTURE made the day of
197 ,

BETWEEN:

(hereinafter called the "Vendor")

OF THE FIRST PART

AND:

(hereinafter called the "Purchaser")

OF THE SECOND PART

AND:

CITY OF VANCOUVER

(hereinafter called the "City")

OF THE THIRD PART

WHEREAS:

A. By a Ground Lease dated the 1st day of October, 1976, the
City, as lessor, demised and leased to the Frank Stanzl Construction
Ltd. (hereinafter called the "Developer"), as lessee, those lands
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

registered in the Vancouver Land Registry Office under registration
number _____ for a term of sixty (60) years extending from the
date thereof up to and including the _____ day of _____,
_____ on the terms and conditions therein contained;

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

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

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

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

Lot _____, False Creek
Leasehold Strata Plan Vr _____
together with an interest in the common
property in proportion to the unit entitlement
shown on Form 1 of the Strata Plan
(hereinafter called the "Strata Lot")

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

F. The City hereby consents to this assignment.

NOW THIS INDENTURE WITNESSETH as follows:-

1. In consideration of the sum of \$ paid by the Purchaser to the Vendor (the receipt whereof is hereby by the Vendor acknowledged), the Vendor as beneficial owner hereby assigns to the Purchaser the Vendor's interest in the strata lot. TO HOLD unto the Purchaser for all the residue now unexpired of the term of the lease subject henceforth to the payment to the City of the rent hereby reserved in paragraph 2 of this assignment and to the performance and observance of the covenants on the part of the lessee and the conditions contained in the lease so far as the same relate to the strata lot.
2. The Purchaser covenants and agrees with the City that during all the residue now unexpired of the term of the lease, the Purchaser will pay to the lessor rent reserved in the lease and payable in accordance therewith.
3. The Purchaser covenants with the Vendor and the City and each of them that the Purchaser shall during all the residue now unexpired of the term of the lease and every renewal thereof observe and perform the covenants on the part of the lessee and the conditions contained in the lease as fully and effectually as if the lease contained a separate demise of the strata lot at the rent referred to in paragraph 2.
4. The Purchaser covenants with the Vendor and the City and each of them to indemnify the Vendor and the City and each of them against all actions, suits, costs, expenses, charges, damages, losses, claims and demands for or on account of non-payment of the rent referred to in paragraph 2 and the non-performance or non-observance of the said covenants and conditions so far as the same relate to the strata lot.
5. The Vendor covenants with the Purchaser that the lease so far as it relates to the strata lot is a valid and subsisting lease, that the covenants, provisos and conditions thereof on the part of the lessee have been duly observed and performed up to the date hereof, that the Vendor is entitled to grant this assignment, that subject to the payment of the rent referred to in paragraph 2 and the observance and performance of

Director of Legal Services

SCHEDULE "C"

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

Part A

DWELLING UNITS

The BASIC RENT payable and to be paid by the LESSEE for each of the STRATA LOTS permitted by Section 4.01 to be used for dwelling units is as follows:

1. Unless and until the LESSEE exercises one of the options available to him under paragraph 2 of this Part A of Schedule "C" in respect to each STRATA LOT the BASIC RENT payable and to be paid by the LESSEE thereof shall be as follows:

(a) For and during each year of that part of the unexpired residue of the TERM commencing on the date of the deposit of the LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office and ending on 30 September, 1979 the annual sum set forth in COLUMN ONE of PART D of this Schedule "C" opposite the respective designated STRATA LOT.

(b) For and during each year of that part of the unexpired residue of the TERM commencing on 1 October, 1979 and ending on 30 September, 2006 an annual sum equal to the product obtained by multiplying the annual sum referred to in paragraph 1(a) by the escalation rate determined annually in accordance with Part C of this Schedule "C", provided that if the national personal disposable income (herein called "the PDI") ceases to be published by Statistics Canada or the then recognized Statistics Branch of the Government of Canada or if the PDI is computed on a different basis from the basis on which it is computed on 1 October, 1979 there shall be applied in the place of the PDI for the purposes of determining the BASIC RENT pursuant to this paragraph 1(b), such substitution for the PDI as the LESSOR and the LESSEE may agree upon and failing agreement between them, such substitution for the PDI as may be determined by arbitration pursuant to Article XIX to be the index most accurately measuring the national personal disposable income in Canada at the date such index is required to be determined hereunder weighted in a manner most closely approximating the PDI last published by Statistics Canada. If the estimated population in Canada and the provinces ceases to be published by Statistics Canada or the then recognized Statistics Branch of the Government of Canada, there shall be applied in the place of the estimate for the purposes of determining the BASIC RENT pursuant to this paragraph 1(b) such other estimate as the LESSOR and the LESSEE may agree upon and failing

agreement between them, such other estimate as may be determined by arbitration pursuant to Article XIX. Until the arbitrators shall have determined the substitution for the PDI the LESSEE shall continue to pay the LESSOR a BASIC RENT as provided in section 2.02.

(c) (i) The LESSEE shall pay for and during each subsequent ten (10) year period of the TERM commencing on 1 October, 2006, such annual sum as may be agreed upon in writing by and between the LESSOR and the LESSEE, provided that if the LESSOR and the LESSEE do not agree in writing upon the BASIC RENT for any of the subsequent ten (10) year periods of the TERM at least six (6) months prior to 30 September, 2006, or the end of any ten (10) year period (as the case may be) of the TERM next preceding the ten (10) year period of the TERM in respect of which the BASIC RENT has not been agreed upon, the BASIC RENT for each year of the last mentioned ten (10) year period of the TERM shall be the market rental value of that part of the SAID LANDS comprised in the STRATA LOT as shall bear the same proportion of the market rental value of the SAID LANDS as the current assessed value of the STRATA LOT bears to the aggregate current assessed value of all the STRATA LOTS at the date which shall be six (6) months prior to 30 September, 2006, or the end of the ten (10) year period (as the case may be) of the TERM next preceding and such market rental value shall be determined by arbitration. The arbitrators shall within the said six (6) month period appraise and determine the market rental value of the aforesaid part of the SAID LANDS. If the arbitrators shall not have determined such market rental value within the said six (6) month period, the LESSEE shall pay to the LESSOR during the next ten (10) year period of the TERM pending such determination a BASIC RENT as provided in section 2.02. The LESSEE covenants and agrees to pay the BASIC RENT as so determined 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.

(ii) In determining the market rental value of the aforesaid part of the SAID LANDS pursuant to paragraph 1(c)(i) the arbitrators shall exclude from such determination the value of the BUILDINGS and all other structures and improvements in and upon the SAID LANDS (as if the same were unimproved) and shall determine such market rental value on the basis that the SAID

LANDS may only be used for the purposes set forth in this lease.

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

2. The LESSEE may give notice to the LESSOR before January 31, 1978, (which said January 31, 1978, is herein called the "OPTION DATE") that the LESSEE elects to pay, in substitution for the BASIC RENT payable by the LESSEE under paragraph 1. BASIC RENT as provided in one of the following three options:

(a) Option one

- (i) For and during each year of that part of the unexpired residue of the TERM commencing on the "OPTION DATE" and ending on 30 September, 1981, the annual sum set forth in COLUMN TWO of PART D of this Schedule "C" opposite the respective designated STRATA LOT.
- (ii) For and during each year of that part of the unexpired residue of the TERM commencing on 1 October, 1981, and ending on 30 September, 2006, the annual sum set forth in COLUMN THREE of PART D of this Schedule "C" opposite the respective designated STRATA LOT.
- (iii) For and during the unexpired residue of the TERM commencing 1 October, 2006, the provisions of paragraph 1(c) shall apply.
- (iv) The provisions of paragraph 1(d) shall apply to this option.

(b) Option two

- (i) For and during each year of that part of the unexpired residue of the TERM commencing on the OPTION DATE and ending on 30 September, 2006, the annual sum set forth in COLUMN FOUR of PART D of this Schedule "C" opposite the respective designated STRATA LOT.
- (ii) For and during the unexpired residue of the TERM commencing 1 October, 2006, the provisions of paragraph 1(c) shall apply.
- (iii) The provisions of paragraph 1(d) shall apply to this option.

(c) Option three

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

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

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

SCHEDULE "C"

Part B

(Commercial STRATA LOT)

1. Payment of BASIC RENT

The BASIC RENT payable and to be paid annually by the LESSEE, in equal monthly installments in advance on the first day of each and every month for the STRATA LOT used for commercial purposes in accordance with section 4.01 is as follows:

(a) The BASIC RENT set opposite each of the following periods of the TERM commencing on December 1, 1976:

<u>Period of TERM</u>	<u>Rent Payable</u>
1 December 1976 to 30 November 1977	\$1,159.00
1 December 1977 to 30 November 1978	2,317.00
1 December 1978 to 30 November 1979	2,317.00
1 December 1979 to 30 November 1980	2,317.00
1 December 1980 to 30 November 1981	2,317.00
1 December 1981 to 30 November 1982	2,804.00
1 December 1982 to 30 November 1983	2,804.00
1 December 1983 to 30 November 1984	2,804.00
1 December 1984 to 30 November 1985	2,804.00
1 December 1985 to 30 November 1986	2,804.00
1 December 1986 to 30 November 1987	3,414.00
1 December 1987 to 30 November 1988	3,414.00
1 December 1988 to 30 November 1989	3,414.00
1 December 1989 to 30 November 1990	3,414.00
1 December 1990 to 30 November 1991	3,414.00
1 December 1991 to 30 November 1992	3,902.00
1 December 1992 to 30 November 1993	3,902.00
1 December 1993 to 30 November 1994	3,902.00
1 December 1994 to 30 November 1995	3,902.00
1 December 1995 to 30 September 1996	3,252.00

(b) Should the date of the deposit of the LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office be subsequent to 1 December, 1976 then the BASIC RENT for the STRATA LOT shall commence on such date of deposit in the appropriate period of the TERM.

(c) 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 in any of the aforesaid periods of the TERM, such BASIC RENT shall be apportioned accordingly.

SAVE AS AFORESAID the following provisions shall apply, in respect to the TERM:-

(i) The LESSEE shall pay for and during each subsequent ten (10) year period of the TERM commencing on 1 October, 1996, such annual sum as may be agreed upon in writing by and between the LESSOR and the LESSEE, provided that if the LESSOR and the LESSEE do not agree in writing upon the BASIC RENT for any of the subsequent ten (10) year periods of the TERM at least six (6) months prior to 30 September, 1996, or the end of any ten (10) year period (as the case may be) of the TERM next preceding the ten (10) year period of the TERM in respect of which the BASIC RENT has not been agreed upon, the BASIC RENT for each year of the last mentioned ten (10) year period of the TERM shall be the market rental value of that part of the SAID LANDS comprised in the STRATA LOT as shall bear the same proportion of the said market value of the SAID LANDS as the current assessed value of the STRATA LOT bears to the aggregate current assessed value of all of the STRATA LOTS at the date which shall be six (6) months prior to 30 September, 1996 or the end of the ten (10) year period (as the case may be) of the TERM next preceding and such market rental value shall be determined by arbitration. The arbitrators shall within the said six (6) month period appraise and determine the market rental value of the aforesaid part of the SAID LANDS. If the arbitrators shall not have determined such market rental value within the said six (6) month period, the LESSEE shall pay to the LESSOR during the next ten (10) year period of the TERM pending such determination a BASIC RENT as provided in section 2.02. The LESSEE covenants and agrees to pay the BASIC RENT as so determined for each of the said ten (10) year periods of the TERM in twelve (12) equal monthly installments in advance on the first day of each month in each year during the ten (10) year period of the TERM to which such BASIC RENT applies, 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.

(ii) In determining the market rental value of the aforesaid part of the SAID LANDS pursuant to clause (i) the arbitrators shall exclude from such determination the value of the BUILDINGS

and all other structures and improvements in and upon the SAID LANDS (as if the same were unimproved) and shall determine such market rental value on the basis that the SAID LANDS may only be used for the purposes set forth in this lease.

2. Prepayment of BASIC RENT

The LESSEE shall have the right to prepay the BASIC RENT payable by the LESSEE under this Part B for the balance of the TERM from the date of such payment in respect of the STRATA LOT by paying to the LESSOR in advance on or before 30 June, 1981 the sum of \$35,630.00. Upon the payment by the LESSEE to the LESSOR of the sum of \$35,630.00 within the said time limit and provided the LESSEE is not in default in the payment of BASIC RENT required to be paid by the LESSEE to the LESSOR hereunder, the LESSEE shall have no further obligations to pay BASIC RENT under Part B of Schedule "A". The prepayment of BASIC RENT shall not entitle the LESSEE to any refund of any BASIC RENT previously paid by the LESSEE nor shall the LESSEE be entitled to set off against the prepayment of BASIC RENT any BASIC RENT previously paid by the LESSEE.

SCHEDULE "C"PART CESCALATION RATE

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

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

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

"year 2" means

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

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

For example:-

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

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

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

= percentage increase in the per capita PDI

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

For example:-

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

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

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

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

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

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

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SCHEDULE "C"

PART D

DWELLING UNITS

DATA LOT NO.	LEASE PAYMENT Paragraph 1 Years 1-3	LEASE PAYMENTS Paragraph 2(a) Years 1-5 Years 6-30		LEASE PAYMENTS Paragraph 2(b) Years 1-30	LEASE PREPAYMENT Paragraph 2(c)
	COLUMN ONE	COLUMN TWO	COLUMN THREE	COLUMN FOUR	COLUMN FIVE
	Annual	Annual	Annual	Annual	
1					
2					
3					
4					
5					
6					
7					
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ACKNOWLEDGMENT OF OFFICER OF CORPORATION

I HEREBY CERTIFY that, on the _____ day of _____, 19____, at _____, in the Province of British Columbia, (whose identity has been proved by the evidence of _____) who is personally known to me, _____ of _____, and that he is the person who subscribed his name to the annexed instrument as _____ of the said _____ and affixed the seal of the _____ to the said instrument, that he was first duly authorized to subscribe his name as aforesaid, and after the said seal to the said instrument, and that such corporation is legally entitled to hold and dispose of land in the Province of British Columbia.

IN TESTIMONY whereof I have hereunto set my Hand and Seal of Office,
at _____ in the Province of
British Columbia, this _____ day of _____
in the Year of our Lord one thousand nine hundred and _____

A Notary Public in and for the Province of British Columbia.
A Commissioner for taking affidavits for British Columbia.

NOTE—Where the person making the acknowledgment is personally known to the officer taking the same, strike out the words in brackets.

ACKNOWLEDGMENT OF OFFICER OF CORPORATION

I HEREBY CERTIFY that, on the 30th day of March, 1977, at Vancouver, British Columbia, ~~the Province of British Columbia,~~ is the Province of British Columbia, ~~John A. Cowley~~ (John A. Cowley) who is personally known to me, appeared before me and acknowledged to me that he is the Assistant Director of Legal Services of the City of Vancouver, and that he is the person who subscribed his name to the annexed Instrument as Assistant Director of the said City of Vancouver and affixed the seal of the City of Vancouver to the said Instrument, that he was first duly authorized to subscribe his name as aforesaid, and affix the said seal to the said Instrument, and that such corporation is legally entitled to hold and dispose of land in the Province of British Columbia.

IN TESTIMONY whereof I have hereunto set my Hand and Seal of Office,
at Vancouver, in the Province of
British Columbia, this 30th day of March
in the year of our Lord one thousand nine hundred and seventy-seven.

A Commissioner for taking affidavits for British Columbia.

NOTE—Where the person making the acknowledgment is personally known to the officer taking the same, strike out the words in brackets.

ACKNOWLEDGMENT OF OFFICER OF CORPORATION

I HEREBY CERTIFY that, on the 2nd day of March, 1977, at Vancouver, in the Province of British Columbia, ~~(XXXXXXXXXXXXXXXXXXXX)~~ Frank Stanzl who is personally known to me, appeared before me and acknowledged to me that he is the President of Frank Stanzl Construction Ltd. and that he is the person who subscribed his name to the annexed instrument as President of the said Frank Stanzl Construction Ltd. and affixed the seal of the Frank Stanzl Construction Ltd. to the said instrument, that he was first duly authorized to subscribe his name as aforesaid, and affix the said seal to the said instrument, and that such corporation is legally entitled to hold and dispose of land in the Province of British Columbia.

IN TESTIMONY WHEREOF I have hereunto set my Hand and Seal of Office,
at Vancouver in the Province of
British Columbia, this 28th day of Sept^r
in the year of our Lord one thousand nine hundred and 1900

A Committee for taking applications for British Subjects

NOTE: When the name under the acknowledgment is primarily known to the office (title or name, strike out the words in brackets)

E21816 and made between the LESSOR, as Lessor, and the LESSEE, as Lessee, the LESSOR did demise and lease unto the LESSEE those lands and premises 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 (herein called the "PREMISES DEMISED") subject to the rents, covenants and conditions reserved and contained therein;

B. By a mortgage (herein called the "MORTGAGE") dated the 12th day of April, 1977, and registered in the Vancouver Land Registry Office under registration number E28339 and made between the LESSEE, as Mortgagor, and the MORTGAGEE, as Mortgagee, the LESSEE demised and subleased by way of mortgage unto the MORTGAGEE all and singular the Mortgagor's interest in the PREMISES DEMISED together with its appurtenances on the terms and conditions more particularly set forth in the MORTGAGE;

C. Attached to the GROUND LEASE as Schedule "B" is a MODEL STRATA LOT LEASE which is an integral part of the GROUND LEASE;

D. Pursuant to section 28.02 of the GROUND LEASE the LESSOR and the LESSEE have agreed to make the modifications to the GROUND LEASE and the MODEL STRATA LOT LEASE hereinafter appearing.

NOW THEREFORE in consideration of the mutual covenants and agreements hereinafter contained and certain good and valuable consideration the receipt of which is hereby acknowledged by the parties hereto:-

1. In this agreement, unless the context otherwise requires or unless otherwise specified herein, the fully

capitalized terms which are defined in the GROUND LEASE shall have the meanings specified in section 1.01 of the GROUND LEASE and the fully capitalized terms which are defined in the MODEL STRATA LOT LEASE shall have the meanings specified in section 1.01 of the MODEL STRATA LOT LEASE.

2. The LESSOR and the LESSEE hereby covenant and agree each with the other that the GROUND LEASE shall be and the same is hereby modified as follows:-

- (a) Section 2.01 of the GROUND LEASE shall be and the same is hereby modified by deleting the same and substituting the following:-

"Section 2.01 Rent

The LESSEE covenants and agrees with the LESSOR:-

- (a) to pay to the LESSOR as rent, BASIC RENT, for and during each year of the TERM commencing on 1 October, 1976 the annual sums set forth in or to be determined in accordance with Schedule "A" attached hereto for the part or parts of the SAID LANDS and BUILDINGS permitted by section 5.01 to be used for dwelling units, and
- (b) to pay to the LESSOR as rent, BASIC RENT for the TERM the sum of one thousand, one hundred and fifty-two (\$1,152.00) dollars on the 1st day of December, 1976 for the part or parts of the SAID LANDS and BUILDINGS permitted by section 5.01 to be used for commercial purposes."

- (b) Section 2.03 of the GROUND LEASE shall be and the same is hereby deleted.

(c) Parts A, B and C of Schedule "A" to the GROUND LEASE shall be and the same are hereby deleted and Parts A and B of Schedule "A" attached hereto are substituted.

3. The LESSOR and the LESSEE hereby covenant and agree each with the other that the MODEL STRATA LOT LEASE shall be and the same is hereby modified as follows:-

(a) Parts A, B, C and D of Schedule "C" to the MODEL STRATA LOT LEASE shall be and the same are hereby deleted and Parts A, B, C and D of Schedule "C" attached hereto are substituted.

4. The LESSOR and the LESSEE hereby covenant and agree, each with the other, that the GROUND LEASE and the MODEL STRATA LOT LEASE as hereby amended shall continue in full force and effect and shall be binding upon them and that the GROUND LEASE, the MODEL STRATA LOT LEASE and this agreement shall henceforth have effect so far as practicable as if all the provisions of the GROUND LEASE, the MODEL STRATA LOT LEASE and this agreement were contained in the one instrument.

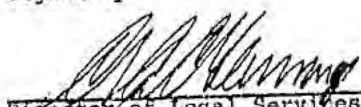
5. The BANK, as mortgagee named in the MORTGAGE, hereby acknowledges and confirms that the mortgage, pledge and charge of the GROUND LEASE created by the MORTGAGE shall be and the same is hereby postponed to and made subordinate to this agreement as if this agreement had been registered against the SAID LANDS prior to the registration of the MORTGAGE, notwithstanding that this agreement may be registered against the SAID LANDS subsequent to the registration of the MORTGAGE.

6. This agreement may be executed in several counterparts, each of which so executed shall be deemed to be an

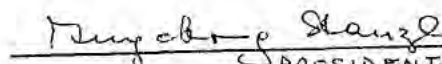
original and such counterparts together shall constitute the one and the same instrument; and it shall not be necessary in proving the same to produce more than one such counterpart.

IN WITNESS WHEREOF the parties hereto have caused their common seals to be hereunto affixed in the presence of their proper officers hereto subscribing as of the day and year first above written.

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


Director of Legal Services

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


PRESIDENT

33140

SIGNED, SEALD AND DELIVERED in
the presence of:


Name: J.E. Villeneuve

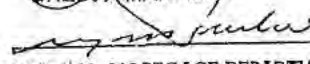
Address: J.E. Villeneuve,
1507 - 1150 Jarvis Street,

Occupation: Vancouver, B.C.,
Mortgage Documents Clerk

as to both signatures

BANK OF MONTREAL
by its attorneys:


CREDIT MANAGER


MANAGER, MORTGAGE DEPARTMENT

SCHEDULE "A"

This is the Schedule referred to in
Section 2.01 of the GROUND LEASE

Payment Schedule

Part A

DWELLING UNITS

The annual rent payable and to be paid by the LESSEE for and during each year of the TERM commencing on 1 October, 1976 for the part or parts of the SAID LANDS and BUILDINGS permitted by section 5.01 to be used for dwelling units is as follows:-

- (a) for and during each year of the three (3) year period of the TERM commencing on 1 October, 1976 the annual sum of \$40,193.00 which shall be paid by the LESSEE in twelve (12) equal monthly instalments in advance on the 1st day of each and every month in each year during the said three (3) year period of the TERM.
- (b) for and during each year of the twenty-seven (27) year period of the TERM commencing on 1 October, 1979, and ending on 30 September, 2006, a sum which shall be determined annually on or before the 1st day of October in each of such years (except as hereinafter otherwise provided) by adding to the annual net basic rental paid or payable by the LESSEE hereunder as BASIC RENT in the year immediately preceding the year for which such annual sum is to be determined, the product obtained by multiplying the amount of such annual net basic rental paid or payable by the LESSEE by the escalation rate determined annually in accordance with Part B of this Schedule "A", provided that if the national personal disposable income (herein called "the PDI") ceases to be published by Statistics Canada or the then recognized Statistics Branch of the Government of Canada or if the PDI is computed on a different basis from the basis on which it is computed on 1 October, 1979, there shall be applied in the place of the PDI for the purposes of determining the BASIC RENT pursuant to this paragraph (b) such substitution for the PDI as the LESSOR and the LESSEE may agree upon, and failing agreement between them, such substitution

for the PDI as may be determined by arbitration to be the index most accurately measuring the national personal disposable income in Canada at the date such index is required to be determined hereunder weighted in a manner most closely approximating the PDI last published by Statistics Canada. If the estimated population in Canada and the provinces ceases to be published by Statistics Canada or the then recognized statistics branch of the Government of Canada, there shall be applied in the place of the estimate for the purposes of determining the BASIC RENT pursuant to this paragraph (b) such other estimate as the LESSOR and the LESSEE may agree upon and failing agreement between them, such other estimate as may be determined by arbitration. Until the arbitrators shall have determined the substitution for the PDI the LESSEE shall pay to the LESSOR pending such determination a BASIC RENT as provided in section 2.04 of this lease. The LESSEE covenants and agrees to pay the BASIC RENT as so determined annually for the twenty-seven (27) year period hereof in twelve (12) equal monthly instalments in advance on the first day of each month in each year during the twenty-seven (27) year period.

- (c) for and during each subsequent ten (10) year period of the TERM commencing on 1 October, 2006 such annual sum or annual sums (as the case may be) as may be agreed upon in writing by and between the LESSOR and the LESSEE, provided that if the LESSOR and the LESSEE do not agree in writing upon the BASIC RENT for any of the subsequent ten (10) year periods of the TERM at least six (6) months prior to 30 September, 2006 or the end of any ten (10) year period (as the case may be) of the TERM next preceding the ten (10) year period of the TERM in respect of which the BASIC RENT has not been agreed upon, the BASIC RENT for each year of the last mentioned ten (10) year period of the TERM shall be that sum which bears to the total market rental value of the SAID LANDS the same ratio as the total floor area used for or permitted by this lease to be used for dwelling units bears to the aggregate total floor areas used for or permitted by this lease to be used for dwelling units and commercial purposes at the date which shall be

six (6) months prior to 30 September, 2006 or the end of the ten (10) year period (as the case may be) of the TERM next preceding and the market rental value of the SAID LANDS shall be determined by arbitration. The arbitrators shall within the six (6) month period aforesaid appraise and determine the market rental value of the SAID LANDS as of the date hereinbefore set out and if the arbitrators shall not have determined such market rental value within the said six (6) month period, the LESSEE shall pay to the LESSOR pending such determination a BASIC RENT as provided in section 2.04 of this lease. The LESSEE covenants and agrees to pay the BASIC RENT as so determined for each of the said ten (10) year periods of the TERM in twelve (12) equal monthly installments in advance on the first day of each month in each year during the ten (10) year period of the TERM to which such BASIC RENT applies, 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. The floor areas used for dwelling units and the floor area used for commercial purposes shall be determined by the ARCHITECT and submitted to the LESSOR and the LESSEE at the same time as the ARCHITECT is requested to submit his certificate of substantial completion of the BUILDINGS under section 4.02.

PART BESCALATION RATE

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

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

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

"year 2" means

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

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

For example:-

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

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

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

= percentage increase in the per capita PDI

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

For example:-

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

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

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

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

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

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

SCHEDULE "C"

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

50068

Part A

DWELLING UNITS

The BASIC RENT payable and to be paid by the LESSEE for each of the STRATA LOTS permitted by Section 4.01 to be used for dwelling units is as follows:

1. Subject always to paragraph 4, unless and until the LESSEE exercises one of the options available to him under paragraph 2 of this Part A of Schedule "C" in respect to each STRATA LOT the BASIC RENT payable and to be paid by the LESSEE thereof shall be as follows:

(a) For and during each year of that part of the unexpired residue of the TERM commencing on the date of the deposit of the LEASEHOLD STRATA PLAN in the Vancouver Land Registry Office and ending on 30 September, 1979 the annual sum set forth in COLUMN ONE of PART D of this Schedule "C" opposite the respective designated STRATA LOT.

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

index is required to be determined hereunder weighted in a manner most closely approximating the PDI last published by Statistics Canada. If the estimated population in Canada and the provinces ceases to be published by Statistics Canada or the then recognized statistics branch of the Government of Canada, there shall be applied in the place of the estimate for the purposes of determining the BASIC RENT pursuant to this paragraph 1(b) such other estimate as the LESSOR and the LESSEE may agree upon and failing agreement between them, such other estimate as may be determined by arbitration pursuant to Article XIX. Until the arbitrators shall have determined the substitution for the PDI the LESSEE shall continue to pay the LESSOR a BASIC RENT as provided in section 2.02 of this lease. The LESSEE covenants and agrees to pay the BASIC RENT as so determined annually for the twenty-seven (27) year period hereof in twelve (12) equal monthly instalments in advance on the first day of each month in each year during the twenty-seven (27) year period.

(c) (i) The LESSEE shall pay for and during each subsequent ten (10) year period of the TERM commencing on 1 October, 2006, such annual sum as may be agreed upon in writing by and between the LESSOR and the LESSEE, provided that if the LESSOR and the LESSEE do not agree in writing upon the BASIC RENT for any of the subsequent ten (10) year periods of the TERM at least six (6) months prior to 30 September, 2006, or the end of any ten (10) year period (as the case may be) of the TERM next preceding the ten (10) year period of the TERM in respect of which the BASIC RENT has not been agreed upon, the BASIC RENT for each year of the last mentioned ten (10) year period of the TERM shall be the market rental value of that part of the SAID LANDS comprised in the STRATA LOT as shall bear the same proportion of the market rental value of the SAID LANDS as the current assessed value of the STRATA LOT bears to the aggregate current assessed value of all the STRATA LOTS at the date which shall be six (6) months prior to 30 September, 2006, or the end of the ten (10) year period (as the case may be) of the TERM next preceding and such market rental value shall be determined by arbitration. The arbitrators shall within the said six (6) month period appraise and determine the market rental value of the aforesaid part of the SAID LANDS. If the arbitrators shall not have determined such market rental value within the said six (6) month period, the LESSEE shall pay to the LESSOR during the next ten (10) year period of the TERM pending such determination a BASIC RENT as provided in section 2.02.

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

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

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

(a) Option one

- (i) For and during each year of that part of the unexpired residue of the TERM commencing on the "OPTION DATE" and ending on 30 September, 1981, the annual sum set forth in COLUMN TWO of PART D of this Schedule "C" opposite the respective designated STRATA LOT.
- (ii) For and during each year of that part of the unexpired residue of the TERM commencing on 1 October, 1981, and ending on 30 September, 2006, the annual sum set forth in COLUMN THREE of PART D of this Schedule "C" opposite the respective designated STRATA LOT.
- (iii) For and during the unexpired residue of the TERM commencing 1 October, 2006, the provisions of paragraph 1(c) shall apply.
- (iv) The provisions of paragraph 1(d) shall apply to this option.

(b) Option two

- (i) For and during each year of that part of the unexpired residue of the TERM commencing on the OPTION DATE and ending on 30 September, 2006, the annual sum set forth in COLUMN FOUR of PART D of this Schedule "C" opposite the respective designated STRATA LOT.
- (ii) For and during the unexpired residue of the TERM commencing 1 October, 2006, the provisions of paragraph 1(c) shall apply.
- (iii) The provisions of paragraph 1(d) shall apply to this option.

(c) Option three

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

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

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

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

SCHEDULE "C"

50068

Part B

(Commercial STRATA LOT)

In the event that the LESSEE has paid the BASIC RENT payable by the LESSEE under Section 2.01(b) of the GROUND LEASE the LESSEE shall have no further obligation to pay any net basic rental in respect to Strata Lot 36 but the LESSEE shall continue to be responsible for any other and additional amounts which are herein expressed to be made part of BASIC RENT and any ADDITIONAL RENT in respect of Strata Lot 36.

SCHEDULE "C"

PART C

ESCALATION RATE

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

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

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

"year 2" means

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

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

For example:-

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

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

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

= percentage increase in the per capita PDI

The escalation rate is determined by subtracting 32 from the percentage increase in the per capita PDI and multiplying the remainder by three-quarters (3/4).

For example:-

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

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

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

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

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

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

SCHEDULE "C"

PART D

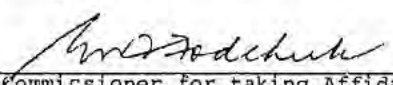
DWELLING UNITS

STRATA LOT NO.	LEASE PAYMENT Paragraph 1 Years 1-3	LEASE PAYMENTS Paragraph 2(a) Years 1-5 Years 6-30		LEASE PAYMENTS Paragraph 2(b) Years 1-30	LEASE PREPAYMENT Paragraph 2(c)
	COLUMN ONE	COLUMN TWO	COLUMN THREE	COLUMN FOUR	COLUMN FIVE
	Annual	Annual	Annual	Annual	
1	\$ 987.00	\$ 1,172.00	\$ 1,270.00	\$ 1,233.00	\$ 14,454.00
2	1,327.00	1,576.00	1,707.00	1,659.00	19,436.00
3	990.00	1,175.00	1,273.00	1,237.00	14,496.00
4	1,332.00	1,582.00	1,714.00	1,665.00	19,512.00
5	987.00	1,172.00	1,270.00	1,233.00	14,454.00
6	1,344.00	1,596.00	1,729.00	1,679.00	19,679.00
7	990.00	1,175.00	1,273.00	1,237.00	14,496.00
8	1,332.00	1,582.00	1,714.00	1,665.00	19,512.00
9	990.00	1,175.00	1,273.00	1,237.00	14,496.00
10	1,327.00	1,576.00	1,707.00	1,659.00	19,436.00
11	990.00	1,175.00	1,273.00	1,237.00	14,496.00
12	1,349.00	1,602.00	1,735.00	1,686.00	19,756.00
13	987.00	1,172.00	1,270.00	1,233.00	14,454.00
14	1,348.00	1,601.00	1,734.00	1,685.00	19,740.00
15	788.00	936.00	1,014.00	985.00	11,543.00
16	1,276.00	1,515.00	1,642.00	1,595.00	18,689.00
17	802.00	952.00	1,031.00	1,002.00	11,740.00
18	1,553.00	1,844.00	1,997.00	1,941.00	22,741.00
19	1,065.00	1,264.00	1,370.00	1,331.00	15,583.00
20	1,829.00	2,172.00	2,353.00	2,286.00	26,793.00
21	1,136.00	1,349.00	1,461.00	1,419.00	16,633.00
22	1,812.00	2,151.00	2,331.00	2,264.00	26,534.00
23	1,181.00	1,402.00	1,519.00	1,476.00	17,296.00
24	1,115.00	1,324.00	1,434.00	1,394.00	16,329.00
25	1,098.00	1,304.00	1,413.00	1,373.00	16,085.00
26	1,279.00	1,518.00	1,645.00	1,598.00	18,727.00
27	1,289.00	1,531.00	1,659.00	1,611.00	18,881.00
28	552.00	656.00	710.00	690.00	8,085.00
29	1,055.00	1,253.00	1,357.00	1,319.00	15,453.00
30	551.00	655.00	709.00	689.00	8,073.00
31	1,038.00	1,233.00	1,336.00	1,298.00	15,208.00
32	1,362.00	1,618.00	1,752.00	1,703.00	19,951.00
33	1,362.00	1,618.00	1,752.00	1,703.00	19,951.00
34	730.00	867.00	940.00	913.00	10,697.00
35	1,040.00	1,235.00	1,338.00	1,300.00	15,234.00
	<u>\$40,193.00</u>	<u>\$47,728.00</u>	<u>\$51,705.00</u>	<u>\$50,235.00</u>	<u>\$588,653.00</u>

ACKNOWLEDGMENT OF OFFICER OF CORPORATION

I HEREBY CERTIFY that on the 19th day of June 1978, at the City of Vancouver, in the Province of British Columbia, INGEBORG STANZL, personally known to me, appeared before me and acknowledged that she is the President of FRANK STANZL CONSTRUCTION LTD. and that she is the person who subscribed her name to the annexed instrument as President of FRANK STANZL CONSTRUCTION LTD., and affixed the seal of FRANK STANZL CONSTRUCTION LTD. to the said instrument, that she was first duly authorized to subscribe her name as aforesaid and affix the said seal to the said instrument and that FRANK STANZL CONSTRUCTION LTD. is legally entitled to hold and dispose of land in the Province of British Columbia.

IN TESTIMONY WHEREOF I have hereunto set my hand at the City of Vancouver, in the Province of British Columbia, this 20th day of June, 1978.


A Commissioner for taking Affidavits
for the Province of British Columbia

STATUTORY DECLARATION OF ATTORNEY

WE, **M. BERT MCPHEE**
CREDIT MANAGER

and **GEORGE I.M. PURDIE**
MANAGER, MORTGAGE DEPARTMENT
of the City of Vancouver, in the Province of British Columbia,
DO SOLEMNLY DECLARE:

1. That we are the attorneys for Bank of Montreal.
2. That we are the persons who subscribed the name of Bank of Montreal in the annexed instrument as the maker thereof.
3. That at the time of execution of the said instrument the power of attorney had not been revoked by or on behalf of Bank of Montreal, and we have not received any notice or information of the bankruptcy or dissolution of Bank of Montreal.
4. That we know the contents of the said instrument and subscribed the name of the said Bank of Montreal thereto voluntarily as the free act and deed of the said Bank of Montreal.

AND we make this solemn declaration conscientiously believing it to be true, and knowing that it is of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

SEVERALLY DECLARED before me
at the City of Vancouver, in
the Province of British
Columbia, this 20th day of
July, 1978.

John 2. Ryan
A Commissioner for taking
Affidavits for British
Columbia.

[Signature]
[Signature]

39140

ACKNOWLEDGMENT OF OFFICER OF CORPORATION

50068

I HEREBY CERTIFY that on the *20th* day of *July*, 1978, at the City of Vancouver, in the Province of British Columbia, CHARLES S.G.C. FLEMING, personally known to me, appeared before me and acknowledged that he is the Director of Legal Services of the CITY OF VANCOUVER and that he is the person who subscribed his name to the annexed instrument as Director of Legal Services of the CITY OF VANCOUVER and affixed the seal of the CITY OF VANCOUVER to the said instrument, that he was first duly authorized to subscribe his name as aforesaid and affix the said seal to the said instrument and that the CITY OF VANCOUVER is legally entitled to hold and dispose of land in the Province of British Columbia.

IN TESTIMONY WHEREOF I have hereunto set my hand at the City of Vancouver, in the Province of British Columbia, this *20th* day of *July*, 1978.

John Macdonald

A Commissioner for taking Affidavits
for the Province of British Columbia.