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GROUND LEASE

THIS LEASE made as of the 14TH day of December, 1979.

LAND TITLE ACT
FORM 1 (SECTION 38)
MEMORANDUM OF REGISTRATION
REGISTERED

BETWEEN:

FEB 18 1980

CITY OF VANCOUVER

(herein called the "LESSOR")

on application received on the
day and at the time written hereon.

D. H. STURCH, REGISTRAR
OF THE FIRST VANDERBILT LAND TITLE OFFICE

AND:

UNITED PROPERTIES LTD., a company incorporated
under the laws of the Province of British
Columbia, with a registered office at No.
2400 - 1066 West Hastings Street, in the City
of Vancouver, Province of British Columbia,
Incorporation No. 136500, and

IMBROOK PROPERTIES LIMITED, a company incorporated
under the laws of the Province of Ontario and
being registered extra-provincially under the laws
of the Province of British Columbia, having its
registered office at No. 500, 330 Bay Street, in
the City of Toronto in the Province of Ontario,
Incorporation No. A-15,662

(herein called the "LESSEES")

OF THE SECOND PART

WHEREAS:

- A. The LESSOR is the owner of the SAID LANDS (herein defined);
- B. The LESSOR has agreed to lease to the LESSEES the SAID LANDS for a term of ninety-nine (99) years in order that the LESSEES may erect the BUILDINGS (herein defined) on the SAID LANDS in successive phases and convert this lease under Section 53(2) of the STRATA TITLES ACT and use, occupy and enjoy the SAID LANDS and the BUILDINGS erected thereon for the term of this lease, all upon the terms and conditions and subject to the provisos herein contained.

NOW THIS LEASE WITNESSES that in consideration of the rents, covenants and agreements hereinafter reserved and contained and on the part of the LESSEES to be paid, observed and performed, the LESSOR has demised and leased and by these presents does demise and lease unto the LESSEES and the LESSEES do hereby take and rent upon and subject to the conditions hereinafter expressed the SAID LANDS.

TO HAVE AND TO HOLD THE SAID LANDS for and during the TERM (herein defined).

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

This lease is made upon and subject to the following covenants and conditions of the LESSOR and the LESSEES which each of them respectively agree to keep, observe and perform.

The LESSEES jointly and severally covenant and agree with the LESSOR that all covenants, undertakings, responsibilities, obligations and agreements of the LESSEES in this lease shall be construed as both joint and several with respect to each LESSEE.

ARTICLE I

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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 meaning hereinafter specified. The terms here defined are:

- a) "ADDITIONAL RENT" means all sums, costs, expenses or other amounts from time to time payable by the LESSEES to the LESSOR hereunder and including sums payable by way of indemnity and whether expressed as rent or not in this lease, other than BASIC RENT and includes the amounts, if any, payable by the LESSEES pursuant to sections 3.02, 3.04, 3.05, 7.10, 7.12, 8.03 and 8.04;
- b) "ARCHITECT" means the architect supervising the construction of the BUILDINGS on behalf of the LESSEES, namely, L.D. Laidlaw, Suite 300 - 1334 West 6th Avenue, Vancouver, British Columbia, or such other architect designated by the LESSEES and notified to the LESSOR from time to time;
- c) "BASIC RENT" means the rent specified in section 2.01 and section 17.02 of this lease;
- d) "BUILDINGS" means all structures and buildings constructed upon the SAID LANDS or any part thereof by or for the LESSEES pursuant to the provisions of this lease, together with all replacements, alterations, additions, changes, substitutions, improvements or repairs thereto and all other improvements from time to time constructed hereafter upon or affixed or appurtenant to the SAID LANDS;
- e) "COMMENCEMENT OF CONSTRUCTION" means that a building permit or building permits have been issued to the LESSEES by the City of Vancouver for the BUILDINGS and the foundations and footings of the BUILDINGS shall have been commenced as certified to the LESSOR by the ARCHITECT;

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- f) "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;
- g) "COMMON PROPERTY" means so much of the SAID LANDS for the time being comprised in the LEASEHOLD STRATA PLAN that is not comprised in any STRATA LOT shown in the LEASEHOLD STRATA PLAN;
- h) "DEVELOPMENT PERMIT" means the development permit issued to L. D. Laidlaw, Suite 300 - 1334 West 6th Avenue, Vancouver, British Columbia, and numbered 85094;
- i) "LEASEHOLD STRATA PLAN" means a strata plan deposited in the Vancouver Land Title Office pursuant to the STRATA TITLES ACT (herein defined), in which the land included in the strata plan is subject to this lease;
- j) "MORTGAGE" means a mortgage or mortgages upon or in respect of the leasehold interest of the LESSEES and each of them in the SAID LANDS and the BUILDINGS or any part thereof or of a STRATA LOT and includes any deed of trust and mortgage to secure any bonds or debentures issued thereunder;
- k) "MORTGAGEE" means a mortgagee or mortgagees under a MORTGAGE and includes any trustee for bond holders or debenture holders under a deed of trust and mortgage to secure any bonds or debentures issued thereunder;
- l) "OWNER" means a person or corporation registered in the Vancouver Land Title 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;

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- m) "SAID LANDS" means those lands in the City of Vancouver in the Province of British Columbia, more particularly known and described as Lot 21, Block "A", District Lot 335, Plan 17921, City of Vancouver, Province of British Columbia, and owned by the LESSOR excluding all buildings and improvements from time to time situate thereon;
- n) "STRATA CORPORATION" means the corporation created by the provisions of the STRATA TITLES ACT, having as its members the lessee or lessees of the STRATA LOTS included in the LEASEHOLD STRATA PLAN and his or their successors and assigns;
- o) "STRATA LOT" means a strata lot shown as such on the LEASEHOLD STRATA PLAN, including any structure erected therein or thereon and its share in the COMMON PROPERTY;
- p) "STRATA TITLES ACT" means the Strata Titles Act, S.B.C. 1974, Chapter 89, as amended from time to time;
- q) "TERM" means the ninety-nine (99) year period beginning on the date of this lease and ending on the day immediately preceding the ninety-ninth (99th) anniversary of the date of this lease;
- r) "TRUSTEE" means a trust company duly authorized to carry on business in the Province of British Columbia and appointed by the first MORTGAGEE for the purposes of section 5.03(b) or as set forth in and for the purposes of section 7.07;
- s) "UNIT ENTITLEMENT" means the unit entitlement of a STRATA LOT and indicates the share of an 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

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the words specifically expressing or importing covenants or conditions were used in each separate provision hereof.

Section 1.03

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

ARTICLE II

PAYMENT OF RENTSection 2.01 Basic Rent

Subject always to the provisions of section 17.02, the LESSEES covenant and agree with the LESSOR to pay to the LESSOR as rent, BASIC RENT for the TERM the sum of one million fifty-six thousand (\$1,056,000.00) dollars and interest thereon or on such part thereof as shall from time to time remain unpaid at the rate of thirteen (13%) per cent per annum calculated from the date of this lease, in the following manner, namely:

- a) the sum of two hundred sixty-four thousand (\$264,000.00) dollars on the date of this lease by payment of the sum of two hundred eleven thousand two hundred (\$211,200.00) dollars and by application by the LESSOR of the sum of fifty-two thousand eight hundred (\$52,800.00) dollars held by it as a deposit in satisfaction of the balance of the said sum;
- b) the sum of two hundred sixty-four thousand (\$264,000.00) dollars together with interest as aforesaid, on the day occurring six (6) calendar months after the date of this lease;
- c) the sum of two hundred sixty-four thousand (\$264,000.00) dollars together with interest as aforesaid, on the day occurring twelve (12) calendar months after the date of this lease;
- d) the sum of two hundred sixty-four thousand (\$264,000.00) dollars together with interest as aforesaid, on the day occurring fifteen (15) calendar months after the date of this lease;

provided that if any of the aforementioned days shall fall on a Saturday or Sunday or Statutory Holiday, the payment date shall be the next following day which shall not be a Saturday, Sunday or Statutory Holiday. The LESSEES shall have the right to prepay the BASIC RENT or any part thereof in advance of any of the aforementioned days.

Section 2.02 Net Lease

All rent required to be paid by the LESSEES 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 SAID LANDS, the BUILDINGS and any other improvements on the SAID LANDS or for any other matter or thing affecting the SAID LANDS, shall (unless otherwise expressly stipulated herein to the contrary) be borne by the LESSEES, 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 SAID LANDS, the BUILDINGS or any other improvements on the SAID LANDS, and that the LESSEES shall pay or cause to be paid all such taxes, charges, rates, assessments, expenses, costs, payments and outgoings.

Section 2.03 Collection of other amounts due

ADDITIONAL RENT, 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 the same, when in arrears, as are available to the LESSOR for the collection of rent in arrears.

Section 2.04 Interest on amounts in arrears

Subject to section 3.03 when the BASIC RENT or ADDITIONAL RENT shall be in arrears, such amount shall bear interest at the rate of three (3%) per cent per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver until paid, and the LESSOR shall have all the remedies for the collection of such interest, if unpaid after demand, as in the case of rent in arrears, but this stipulation for interest shall not prejudice or affect any other remedy of the LESSOR under this lease.

ARTICLE III

PAYMENT OF TAXES

Section 3.01 Payment of Taxes if LESSOR
is not exempt therefrom

Save as otherwise provided in section 3.02, the LESSEES 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 SAID LANDS, the BUILDINGS, 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 ADDITIONAL RENT with all rights of distress and otherwise as reserved to the LESSOR in respect of rent in arrears. The LESSEES further covenant and agree that during the TERM, the LESSEES 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 SAID LANDS, the BUILDINGS, 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 the receipt of any assessment notices delivered to the LESSOR by any taxing authority relating to the SAID LANDS, the BUILDINGS, or any other structures, any machinery, equipment, facilities and other

property of any nature whatsoever thereon and therein, forward a copy thereof to the LESSEES. The LESSEES or either of them shall have the right from time to time to appeal any assessment of the SAID LANDS or the BUILDINGS, or any other structures, any machinery, equipment, facilities and other property of any nature whatsoever thereon and therein, 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 LESSEES. If the LESSEES or either of them are unable to appeal any assessment of the SAID LANDS or the BUILDINGS, or any other structures, any machinery, equipment, facilities and other property of any nature whatsoever thereon and therein, 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 LESSEES or either of them shall have the right to appeal in the name of the LESSOR.

Notwithstanding anything herein contained, the LESSEES shall be responsible only for the payments referred to in this section 3.01 from the date of this lease 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 LESSEES covenant and agree with the LESSOR that if during the TERM, the SAID LANDS, the BUILDINGS, all other structures, all machinery, equipment and facilities and other property of any nature whatsoever thereon and therein are by the provisions of the Vancouver Charter, S.B.C. 1953 Chapter 55, as amended from time to time, or any other municipal, parliamentary, legislative or regional enactment exempt from taxation in whole or in part by reason of the LESSOR'S ownership of the SAID LANDS and they would otherwise have been subject to taxation, then the LESSEES 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 LESSEES 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:

- (a) if the City of Vancouver or any other 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 or otherwise 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 LESSEES 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 SAID LANDS, the BUILDINGS and all other structures, all machinery and equipment and facilities and other property of any nature whatsoever thereon and therein; and
- (b) 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 SAID LANDS, the BUILDINGS 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 LESSEES 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 LESSEES or either or them shall have the right from time

to time to appeal any assessment of the SAID LANDS or the BUILDINGS, or any other structures, any machinery, equipment, facilities and other property of any nature whatsoever thereon and therein, 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 LESSEES. If in the future the LESSEES, or either of them, are unable to appeal any assessment of the SAID LANDS, or the BUILDINGS, or any other structures, any machinery, equipment, facilities and other property of any nature whatsoever thereon and therein, 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 LESSEES shall have the right to appeal in the name of the LESSOR.

Notwithstanding anything herein contained, the LESSEES shall be responsible only for the payments referred to in this section 3.02 from the date of this lease 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 LESSEES shall in any year during the TERM fail to pay the taxes under section 3.01 when due, the LESSEES 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.

Section 3.04 Payment for Utility Services

The LESSEES covenant and agree 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 facilities and services used in or supplied to the SAID LANDS and the

BUILDINGS, 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 LESSEES covenant and agree 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 SAID LANDS, and the BUILDINGS, in respect of the use or occupancy thereof by the LESSEES (and any and every sub-lessee, permittee and licensee) other than such taxes as corporate income, profits or excess profit taxes assessed upon the income of the LESSEES (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 AND OPERATION OF BUILDINGS

Section 4.01 Use of BUILDINGS

The LESSEES covenant and agree that neither the SAID LANDS nor the BUILDINGS shall be used for any purpose except that of town houses and/or two-family semi-detached dwellings together with other facilities ancillary thereto and connected therewith as set forth in the DEVELOPMENT PERMIT, subject always to By-law No. 3575, being the Zoning and Development By-law of the City of Vancouver, By-law No. 4986, being a By-law to amend By-law No. 3575, and any and all 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.

Section 4.02 Operation of BUILDINGS

The LESSEES shall operate, manage and maintain the BUILDINGS or shall cause the BUILDINGS to be operated, managed and maintained in a good, efficient and businesslike manner and (in addition to performing all its other covenants under this lease) shall properly and adequately supervise the BUILDINGS, or cause the BUILDINGS to be properly and adequately supervised, shall supply or cause to be supplied heat and other necessary building services to lessees and occupants whenever reasonably required, shall keep the BUILDINGS and the adjacent landscaping and all other improvements upon the SAID LANDS neat and clean, shall impose and enforce regulations relating to the use and occupancy of space in the BUILDINGS consistent with a good and efficient development for the uses described in section 4.01, shall maintain the general appearance and standards of the BUILDINGS, shall generally manage the BUILDINGS as would a prudent owner.

ARTICLE V

CONSTRUCTION OF BUILDINGS

Section 5.01 Construction of BUILDINGS by LESSEES

The LESSEES may create a LEASEHOLD STRATA PLAN (the preparation and deposit of which is provided for in section 25.01) by way of a three (3) phased development of the SAID LANDS (or such other number of phases as the parties may agree upon), in accordance with the provisions of Part II of the STRATA TITLES ACT. The LESSEES shall construct the BUILDINGS in each phase of the development in substantial accordance with the drawings, elevations, specifications (including materials to be used), location on the SAID LANDS and exterior decoration and design upon which the issuance of the building permits by the City of Vancouver are based, in compliance with the requirements of the DEVELOPMENT PERMIT and as approved by the LESSOR. No changes shall be made to the drawings, specifications, location, exterior decoration or design aforesaid or the requirements of the DEVELOPMENT PERMIT without the approval of the LESSOR.

The LESSEES covenant and agree with the LESSOR that COMMENCEMENT OF CONSTRUCTION of the BUILDINGS will take place within eighteen (18) calendar months after the date of this lease (subject to any extension or extensions for unavoidable delays granted pursuant to section 11.01).

Section 5.02 Substantial completion of BUILDINGS

For the purposes of this ARTICLE V, the BUILDINGS shall be deemed to have been substantially completed when the ARCHITECT of the LESSEES has certified to the LESSOR that with respect to the BUILDINGS:

- a) all work of a structural nature has been properly completed;
- b) all building equipment and services necessary to the satisfactory functioning of the BUILDINGS including

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elevators (if any), heating systems and air-conditioning systems (if any), and utilities have been completed and are operating properly and available for use by tenants; all lobbies, stair wells and other areas intended for the common use of tenants are completed except for work of a superficial nature, which is both minor in character and of a type which, owing to the likelihood of damage, is reasonably to be deferred until the BUILDINGS are partially or substantially occupied by tenants;

- c) all building by-laws and regulations of the City of Vancouver have been complied with by the LESSEES;
- d) all areas are clean and all surplus building material and rubbish removed;
- e) the BUILDINGS have been completed and are in a condition in which they can be occupied by tenants, and any work that is still unfinished is such as can be completed promptly and is work to whose incompletion a reasonable tenant would not object unless agreement has been reached between a purchaser of a STRATA LOT or Proposed Strata Lot and the LESSEES whereby the interior of the premises constructed or to be constructed in or on such STRATA LOT or Proposed Strata Lot is to be completed by the purchaser, in which event such premises need not be in a condition in which they can be occupied by a tenant;
- f) the BUILDINGS shall have been constructed in all respects in a good and workmanlike manner in substantial accordance with the drawings and specifications, location on the SAID LANDS and the exterior decoration and design approved by the LESSOR.

Section 5.03 Fire and Liability Insurance
during construction of BUILDINGS

- a) The LESSEES covenant and agree with the LESSOR to effect or cause their contractor or contractors to

effect prior to the commencement of construction of the BUILDINGS, or any of them, and to maintain and keep in force until the insurance required under ARTICLE VII shall have been effected, insurance

- i) protecting both the LESSEES and each of them and the LESSOR (without any rights of cross claim or subrogation against the LESSOR) against claims for personal injury, death or property damage or other third party or public liability claims arising from any accident or occurrence upon, in or about the SAID LANDS and from any cause, including the risks occasioned by the construction of the BUILDINGS, and to an amount reasonably satisfactory to the LESSOR and LESSEES for any personal injury, death, property or other claims in respect of any one accident or occurrence; and
 - ii) protecting both the LESSEES and each of them and the LESSOR from loss or damage (without any rights of cross claim or subrogation against the LESSOR) to the BUILDINGS and all fixtures, equipment, improvements and building materials on the SAID LANDS from time to time both during and after construction (but which may be by policies effected from time to time covering the risk during different phases of construction of the BUILDINGS) against fire and all other perils from time to time customarily included in the usual all risks builders' risk form of policy applicable to similar properties during construction and effected in the Province of British Columbia by prudent owners, and such other perils as the LESSOR may reasonably require to be insured against to the full insurable value thereof at all times and in any event in the amount sufficient to prevent the LESSOR or the LESSEES or either of them being deemed a co-insurer.
- b) The proceeds of insurance which may become payable under any policy of insurance effected pursuant to this section 5.03 shall be payable to the TRUSTEE and shall be available to finance repair and reconstruction.

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- c) All the provisions of ARTICLE VII respecting insurance which are of general application shall apply to the insurance during construction of the BUILDINGS required by this section 5.03.

ARTICLE VI

FAILURE TO COMMENCE
CONSTRUCTION OF BUILDINGS

Section 6.01

The LESSEES covenant and agree with the LESSOR that subject to any extension or extensions for unavoidable delays granted pursuant to section 11.01 if COMMENCEMENT OF CONSTRUCTION has not taken place within eighteen (18) calendar months after the date of this lease or such later date as the LESSOR may approve, the LESSOR shall have the right and option at any time thereafter to terminate this lease by giving notice to the LESSEES to that effect and in such event this lease shall terminate and be of no further force and effect. All BASIC RENT and ADDITIONAL RENT paid or payable to the LESSOR by the LESSEES hereunder including the sum of fifty-two thousand eight hundred (\$52,800.00) dollars applied by the LESSOR toward the payment of BASIC RENT may be retained by the LESSOR as liquidated damages and not as a penalty and the same shall become the absolute property of the LESSOR.

In the event of a dispute between the LESSOR and the LESSEES as to whether or not COMMENCEMENT OF CONSTRUCTION has taken place within the time limit set forth in this section (or as extended by the operation of section 11.01 as the case may be), the LESSOR and the LESSEES covenant and agree each with the other to submit the dispute to arbitration in accordance with the provisions of section 22.01.

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ARTICLE VII

INSURANCE

Section 7.01 Insurance

At all times during the TERM immediately following the substantial completion of construction of the BUILDINGS, in accordance with the provisions of section 5.02, the LESSEES shall at no expense to the LESSOR insure and keep insured or cause to be insured the BUILDINGS and insurable improvements with one or more companies entitled to do business in the Province of British Columbia against loss or damage by fire and other perils now or hereafter from time to time embraced by or defined in the commercial building form of insurance coverage applicable to similar properties as the SAID LANDS and the BUILDINGS and effected in the Province of British Columbia by prudent owners from time to time during the TERM including, without restricting the generality of the foregoing, the hazards of lightning, explosion, wind, storm, cyclone, tornado, hail, riot, civil commotion, malicious damage, aircraft, smoke and vehicle damage to the extent that insurance against such risk or perils, or any of them, may be obtained in an amount equal to the full replacement value thereof.

Section 7.02 Pressure Vessel Insurance

At all times during the TERM immediately following the substantial completion of the construction of the BUILDINGS in accordance with the provisions of section 5.02, the LESSEES shall at no expense to the LESSOR maintain in respect of the BUILDINGS pressure vessel insurance with one or more companies entitled to do business in the Province of British Columbia protecting the LESSOR and the LESSEES in respect of all boilers and such other pressure vessels as the LESSEES may from time to time deem it necessary to insure in amounts to be designated by the LESSEES 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 7.03 Deductible Amounts

Any of the policies of insurance referred to in section 5.03, 7.01 or 7.02 hereof may, with the approval of the LESSOR, which approval shall not be unreasonably withheld, provide that the amount payable in the event of any loss shall be reduced by a deductible amount, such amount to be designated by the LESSEES and approved by the LESSOR, such approval not to be unreasonably withheld, and the LESSEES shall be co-insurers 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 7.07 hereof, be included as part of the insurance monies payable and paid.

Section 7.04 Co-insurance Clauses

If any of the policies of insurance referred to in section 5.03, 7.01 or 7.02 hereof shall contain any co-insurance clauses the LESSEES shall maintain at all times a sufficient amount of insurance to meet the requirements of such co-insurance clauses so as to prevent the LESSOR or the LESSEES from becoming co-insurers under the terms of such policy or policies and to permit full recovery in the event of loss.

Section 7.05 Identity of Insured

Any and all policies of insurance referred to in section 5.03, 7.01 and 7.02 hereof shall be written in the name of the LESSOR and the LESSEES as the insureds with loss payable to the LESSOR, LESSEES, and the MORTGAGEE as their respective interests may appear. Each policy of insurance referred to in sections 5.03, 7.01 and 7.02 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.

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Section 7.06 Release of LESSOR from liability
for insured loss or damage

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

Section 7.07 Payment of Loss under the Insurance Policies
referred to in sections 7.01 and 7.02

- a) The insurance monies payable under any or all of the policies of insurance referred to in sections 7.01 or 7.02 hereof shall, notwithstanding the terms of the policy or policies, be paid to the order of the TRUSTEE.

- b) Subject to ARTICLE IX the LESSOR and the LESSEES covenant and agree that the LESSEES shall use and the TRUSTEE shall release to the LESSEES 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 LESSEES or such other person as the LESSOR and the LESSEES may agree upon who is in charge of such restoration, reconstruction or replacement. Should the LESSEES 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 said TRUSTEE shall pay or cause to be paid to the LESSOR such insurance monies in the same manner the TRUSTEE would have done had the LESSEES effected such restoration, reconstruction or replacement.

Section 7.08 Workers' Compensation coverage

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

Section 7.09 Comprehensive General Liability

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

Section 7.10 Payment of Insurance Premiums

The LESSEES shall pay or cause to be paid all the premiums under the policies of insurance referred to in this ARTICLE VII as they become due and payable and in default of payment the LESSOR may pay and recover the same from the LESSEES as ADDITIONAL RENT.

Section 7.11 Copies of Insurance Policies

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

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Section 7.12 Insurance may be maintained by LESSOR

The LESSOR and the LESSEES covenant and agree that should the LESSEES 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 7.01 or fail to maintain in respect of the BUILDINGS, pressure vessel insurance as required under section 7.02, or fail to maintain insurance against claims for personal injury, death or property damage or loss as required under section 7.09, then in any of such events the LESSOR, although not obliged to do so, may obtain and maintain such insurance in such amount or amounts with such deductible amounts and for such period or periods of time as the LESSOR deems advisable, and the LESSEES shall pay all premiums therefor to the LESSOR as ADDITIONAL RENT upon the LESSOR obtaining any of such insurance and thereafter annually during the TERM within thirty (30) days after receipt of any invoice from the LESSOR such amount as, at the rates charged by the insurance companies with whom the LESSOR has placed such insurance. The LESSOR shall submit to the LESSEES annually a statement of the amount or amounts payable by the LESSEES under this section 7.12 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 LESSEES and any MORTGAGEE as their interests may appear.

ARTICLE VIII

REPAIRS AND MAINTENANCE

Section 8.01 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 LESSEES hereby assuming the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the SAID LANDS and the BUILDINGS.

Section 8.02 Repair to BUILDINGS

The LESSEES at the LESSEES' cost and expense shall during the TERM, put and keep in good order and condition or shall cause to be put and kept in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS) the SAID LANDS and the BUILDINGS, and the appurtenances and equipment thereof, both inside and outside, including, but not limited to fixtures, walls, foundations, roofs, vaults, elevators, if any and similar devices, heating and air conditioning equipment, sidewalks, yards and other like areas, water and sewer mains and connections, water, steam, gas and electric pipes and conduits, and all other fixtures on 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. Such repairs shall be in all respects to a standard at least substantially equal in quantity of material and workmanship to the original work and material in the BUILDINGS. The LESSEES or either of them shall not commit

or suffer waste or injury to the SAID LANDS or the BUILDINGS or any part thereof (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS) and shall not use or occupy or permit to be used or occupied the SAID LANDS or the BUILDINGS or any part thereof for any illegal or unlawful purpose or in any manner which will result in the cancellation of any insurance, or in the refusal of any insurers generally to issue any insurance as requested. The LESSEES shall at all times at the LESSEES' expense except to the extent that they may be relieved therefrom by municipal by-laws or regulations, keep the roadways, sidewalks, curbs, areaways and passage ways forming part of the SAID LANDS in good condition and repair and reasonably clean from rubbish, ice and snow and shall not encumber or obstruct the same or allow the same to be encumbered or obstructed in any manner; and 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 LESSEES shall, except as otherwise expressly provided herein, surrender and deliver up the SAID LANDS with the BUILDINGS, and the aforesaid fixtures, appurtenances and equipment thereof, or any replacements thereof or substitutions therefor, in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS). The LESSEES and each of them accept 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 8.03 Repairs to BUILDINGS by LESSOR

The LESSEES covenant and agree with the LESSOR that if the LESSEES do not put and keep in good order and condition or cause to be put and kept in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS) 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 8.02, 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 the necessary repairs required to be put the SAID LANDS and BUILDINGS in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the BUILDINGS or the foundation or structure of the BUILDINGS); provided that the LESSOR will make such repairs, only after giving the LESSEES 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, to the SAID LANDS and BUILDINGS or any part or parts thereof, together with all costs and expenses of the LESSOR shall be reimbursed to the LESSOR by the LESSEES on demand together with interest at the rate of three (3%) per cent per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver from the date incurred until paid and may be recovered by the LESSOR as ADDITIONAL RENT.

Section 8.04 Removal of Ice and Snow from Sidewalks

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

ARTICLE IX

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DAMAGE OR DESTRUCTION

Section 9.01 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 LESSEES or either of them to surrender possession of the SAID LANDS or the BUILDINGS or to demand any abatement or reduction of the BASIC RENT or ADDITIONAL RENT or other charges payable under this lease, any law or statute now or in the future to the contrary notwithstanding.

Section 9.02 LESSEES' obligations when BUILDINGS damaged or partially destroyed

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

Section 9.03 LESSEES' obligations when BUILDINGS completely or substantially destroyed

The LESSEES covenant and agree with the LESSOR that in the event of complete or substantially complete destruction of the BUILDINGS the LESSEES shall either (a) reconstruct or replace the BUILDINGS with a new structure or structures in accordance with any agreement which may be made by the LESSEES 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 the amount of the insurance monies payable and paid by reason of such destruction.

Section 9.04 Replacement, repair or reconstruction under
section 9.02 or 9.03 to be carried out
in compliance with sections 8.02 and 10.01

Any replacement, repair or reconstruction of the
BUILDINGS or any part thereof pursuant to the provisions of
section 9.02 or 9.03 hereof shall be made or done in compliance
with the provisions of sections 8.02 and 10.01 hereof.

ARTICLE X

REPLACEMENTS, CHANGES, ALTERATIONS
AND SUBSTITUTIONS

Section 10.01

The LESSEES covenant and agree with the LESSOR not to make or permit to be made any changes, alterations, replacements, substitutions or additions affecting the structure of the BUILDINGS or the exterior appearance of the BUILDINGS without the written approval of the LESSOR thereto, which approval the LESSOR shall not withhold unreasonably. No changes, alterations, replacements, substitutions or additions involving an estimated cost of more than fifty thousand (\$50,000.00) dollars shall be undertaken until the LESSEES shall have submitted or caused to be submitted to the LESSOR drawings, elevations (where applicable), specifications (including the materials to be used), locations (where applicable) and exterior decoration and design of the proposed changes, alterations or additions and until the same have been approved in writing by the LESSOR, which approval the LESSOR agrees not to unreasonably withhold.

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

ARTICLE XI

UNAVOIDABLE DELAYS

Section 11.01

If, by reason of strike, lock-out or other labour dispute, material or labour shortage not within the control of the LESSEES, fire or explosion, flood, wind, water, earthquake, act of God or other similar circumstances beyond the reasonable control of the LESSEES and not avoidable by the exercise of reasonable effort or foresight by the LESSEE the LESSEES are, in good faith and without default or neglect on its part, prevented or delayed in the COMMENCEMENT OF CONSTRUCTION or substantial completion of the BUILDINGS or repair of the BUILDINGS or any part or parts of them which under the terms of this lease the LESSEES are 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 LESSEES shall not be deemed to be in default if they perform and complete 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 LESSEES. If the LESSOR and the LESSEES cannot agree as to whether or not there is a prevention or delay within the meaning of this section or they cannot agree as to the length of such prevention or delay, then such matter shall be determined by reference to arbitration in accordance with section 22.01.

ARTICLE XII

MECHANICS' LIENS

Section 12.01

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

ARTICLE XIII

INSPECTION AND EXHIBITION BY LESSOR

Section 13.01 Inspection by Lessor

The LESSOR and the LESSEES covenant and agree that it shall be lawful for a representative of the LESSOR at all reasonable times during the TERM to enter the SAID LANDS and the BUILDINGS, or any of them, and to examine the condition thereof; and, further, that all wants of reparation required by section 8.02 which upon such views shall be found, and for the amendment of which notice shall be delivered or given by the LESSOR to the LESSEES, the LESSEES or either of them shall within sixty (60) days after every such notice or such longer period as provided in section 20.02(a) well and sufficiently repair and make good accordingly.

Section 13.02 Exhibition by LESSOR

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

ARTICLE XIV

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OBSERVANCE OF GOVERNMENTAL
REGULATIONS ETC.

Section 14.01

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

ARTICLE XV

RIGHTS OF LESSOR AND LESSEES

Section 15.01

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

ARTICLE XVI

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INDEMNITY

Section 16.01 Breach, Violation or Non-performance
of covenants by LESSEES

The LESSEES covenant and agree with the LESSOR to 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 LESSEES to be fulfilled, kept, observed or performed.

Section 16.02 Injury, damage or loss of property

Notwithstanding the provisions of section 7.06 hereof, the LESSEES covenant and agree with the LESSOR to indemnify and save harmless the LESSOR from any and all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of:

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

Save as otherwise provided in section 7.06 the LESSEES shall not be required to indemnify the LESSOR against any actions, causes of action, suits, claims or demands for damages arising out of the negligent acts of the LESSOR, its servants, agents or contractors.

Section 16.03 Indemnification survives
termination of lease

The obligations of the LESSEES to indemnify the LESSOR under the provisions of sections 3.01, 3.04, 3.05, 7.06, 16.01 and 16.02 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 XVII

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SUBLETTING AND ASSIGNING

Section 17.01 Subletting by LESSEES - other than
by way of MORTGAGE

The LESSEES shall not during the TERM (other than by way of MORTGAGE as permitted in or by section 17.03) sublet the SAID LANDS and BUILDINGS or any part thereof to any person, persons or corporation whatsoever without the consent in writing of the LESSOR, which consent the LESSOR may arbitrarily withhold except that:-

- (a) whether or not all of the BUILDINGS are substantially completed (in accordance with sections 5.01 and 5.02) the LESSEES may at any time and from time to time sublease those STRATA LOTS created by the deposit of the LEASEHOLD STRATA PLAN in accordance with ARTICLE XXV which have been substantially completed as certified by the ARCHITECT if the City of Vancouver has issued an occupancy permit in respect thereof, without the consent of the LESSOR.
- (b) if requested by the LESSOR a copy of any or all of such subleases shall be forwarded to the LESSOR within thirty (30) days after the conclusion of each transaction together with particulars of registration in the Vancouver Land Title Office.

Section 17.02 Assignment by LESSEES - other than
by way of MORTGAGE

The LESSEES shall not, nor will, during the TERM (other than by way of MORTGAGE as permitted in or by section 17.03) assign, transfer or sell or otherwise, by any act or deed, procure the SAID LANDS or BUILDINGS, or any of them, or this lease, to be assigned, transferred or sold to any person, persons or corporation whatsoever without the consent in writing of the LESSOR, which consent the LESSOR may arbitrarily withhold except that, without the consent of the LESSOR,

- (a) the LESSEES may offer for sale their leasehold interest in the proposed STRATA LOTS which the LESSEES propose to create by the deposit of a LEASEHOLD STRATA PLAN in accordance with ARTICLE XXV if a prospectus relating to the proposed STRATA LOTS has been submitted to and accepted by the Superintendent of Insurance under the provisions of the Real Estate Act 1960 Chapter 330, the LESSEES have complied with all other requirements of the said Act so far as they pertain to the offer for sale of the proposed STRATA LOTS; a copy of the prospectus shall be delivered to the LESSOR within thirty (30) days of the acceptance thereof by the Superintendent of Insurance.
- (b) Whether or not all of the BUILDINGS have been substantially completed (in accordance with sections 5.01 and 5.02), the LESSEES may assign, transfer or convey their leasehold interest in those STRATA LOTS created by the deposit of the LEASEHOLD STRATA PLAN as aforesaid which have been substantially completed as certified by the ARCHITECT if the City of Vancouver has issued an occupancy permit in respect thereof subject to the following conditions:
- (i) the assignment, transfer or conveyance shall be in the form attached to the model STRATA LOT lease as Schedule "B" with such additions, deletions or amendments thereto as are appropriate to the premises to be assigned, transferred or conveyed and as are approved by the LESSOR and shall be executed by or on behalf of the vendor and purchaser named therein and the LESSOR before being deposited for registration in the Vancouver Land Title Office;
 - (ii) as soon as reasonably possible following the execution of each assignment, transfer or conveyance by the parties thereto but not later than the date upon which such instrument is deposited for registration in the Vancouver Land Title Office the LESSEES shall pay to the LESSOR so long as there is any BASIC RENT remaining unpaid under section 2.01 (whether or not such BASIC RENT is due and owing) the sum of twelve thousand five

hundred (\$12,500.00) dollars which shall be applied by the LESSOR toward the reduction of the balance of the BASIC RENT as shall remain unpaid from time to time under section 2.01 and the LESSEES shall pay interest at the rate of 13% per annum on the resulting unpaid balance from time to time as if the payments had been made under section 2.01;

(iii) all ADDITIONAL RENT and taxes required to be paid hereunder have been paid in full in accordance with this lease.

(iv) a copy of all such assignments, transfers or conveyances shall be furnished to the LESSOR within thirty (30) days of the conclusion of each transaction together with particulars of registration in the Vancouver Land Title Office.

Section 17.03 Assignment or Subletting
by way of MORTGAGE

The LESSEES may MORTGAGE their leasehold interest under this lease and their interest in the SAID LANDS and the BUILDINGS (for which purpose the LESSEES may assign or sublet by way of MORTGAGE) without the consent of the LESSOR for the purpose of financing or refinancing the cost of constructing the BUILDINGS but not otherwise without the consent in writing of the LESSOR first had and obtained which consent the LESSOR shall not unreasonably withhold and subject always to ARTICLE XVIII.

Section 17.04

Notwithstanding any subletting or assignment pursuant to this ARTICLE XVII, the LESSEE shall remain bound to the LESSOR for the fulfillment of all of its obligations hereunder.

ARTICLE XVIII

MORTGAGE

Section 18.01 LESSEES 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 LESSEES of this lease or the leasehold interest of the LESSEES in any portion of the SAID LANDS and the BUILDINGS by way of MORTGAGE as provided in section 17.03 hereof, provided however that except as otherwise provided in section 27.05, in the event of and notwithstanding any such assignment or subletting the LESSEES 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 18.02 MORTGAGE subject to LESSOR's rights under lease

Subject to the provisions of section 20.03, every MORTGAGE shall be subject to the rights of the LESSOR under this lease.

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ARTICLE XIX

WAIVER BY LESSOR

Section 19.01

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 either of the LESSEES shall not waive such breach. No waiver by the LESSOR shall be effective unless made in writing.

ARTICLE XX

DEFAULT BY LESSEES

Section 20.01 Re-entry on certain defaults by LESSEES

The LESSOR and the LESSEES covenant and agree that subject to the provisions of section 20.03, if

- (a) the LESSEES shall default in payment of BASIC RENT or ADDITIONAL RENT or taxes, and such default shall continue for a period of thirty (30) days after written notice of intention to terminate this lease by reason of such default shall have been given by the LESSOR to the LESSEES; or
- (b) this lease shall expire or be forfeited or voluntarily surrendered by the LESSEES or be terminated by any other provision herein contained, including without restricting the generality of the foregoing the termination of this lease pursuant to ARTICLE VI.

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

Section 20.02 Forfeiture on certain other defaults by LESSEES

The LESSOR and the LESSEES covenant and agree that, subject to the provisions of section 20.03, if

- (a) the LESSEES shall default in performing or observing any of the LESSEES' covenants or obligations under this lease (other than those referred to in section 20.01) and the LESSOR shall have given to the LESSEES notice of such default and at the expiration of sixty (60) days after the giving of such notice the default shall continue to exist or, in the case of a default which cannot with due

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diligence be cured within the period of sixty (60) days aforesaid, the LESSEES fail to proceed promptly after the giving of such notice to cure such default; and

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

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

- (i) the interest of the LESSEES in this lease and the SAID LANDS and the BUILDINGS for the remainder of the TERM and all the rights of the LESSEES hereunder be sold by public auction or private sale on such terms and conditions as the Court deems fair and equitable in the circumstances, the proceeds therefrom to be distributed, after all BASIC RENT, ADDITIONAL RENT, taxes and other money due to the LESSOR hereunder is paid to the LESSOR, in accordance with the priorities of the persons interested as aforesaid as ascertained by the Court upon enquiry or reference; or
- (ii) the LESSOR or the LESSOR's agents or employees be authorized to re-enter the SAID LANDS and the BUILDINGS without being liable to any prosecution or damages therefor, and repossess and enjoy the SAID LANDS and the BUILDINGS and all fixtures and improvements therein or thereon, except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the BUILDINGS or the SAID LANDS, as liquidated damages, without such re-entry and repossession working a forfeiture or waiver of the BASIC RENT, ADDITIONAL RENT, taxes and other money to be paid and the covenants to be performed by the LESSEES 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 LESSEES' interest in the SAID LANDS and the BUILDINGS, the registration thereof, and any certificate of title and issue a new or replacement certificate in the name of the LESSOR or the purchaser, as the case may be, free and clear of and from all liens, charges and encumbrances whatsoever. The LESSOR shall not be responsible for any loss to any such person interested which may arise by reason of any such sale or re-entry unless the same occurs by reason of the wilful neglect or default of the LESSOR.

Section 20.13 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 hereunder unless the LESSOR shall first have given to the MORTGAGEE notice of the default entitling the LESSOR to re-enter, terminate or forfeit this lease, specifying the nature of that default, and stating the LESSOR's intention to take such proceedings and requiring the MORTGAGEE:
- (i) to cure the default specified in the notice within a period of sixty (60) days from the date of receipt of that notice by the MORTGAGEE; or
 - (ii) if the default cannot reasonably be cured within such sixty (60) day period, then to immediately proceed with due diligence to cure the default as soon as reasonably possible,

and the LESSOR hereby grants the MORTGAGEE access to the SAID LANDS and the BUILDINGS for that purpose. If the default is cured within the period specified, the MORTGAGEE shall be entitled to continue as tenant for the balance of the TERM remaining at the date of the notice of default providing that the MORTGAGEE attorns as tenant to the LESSOR and undertakes to be bound by and to perform the covenants and agreements of this lease; PROVIDED HOWEVER that in the event the MORTGAGEE consists of more than one mortgagee each having a separate charge upon any of the LESSEES' interest in this lease, and

more than one of them wishes to cure the default specified in the notice aforesaid, then the LESSOR hereby agrees to permit curing of the default specified as aforesaid and the assumption of the balance of the TERM as aforesaid by that mortgagee which is willing to cure and assume as aforesaid and whose charge ranks in priority over the charge or charges held by the other mortgagee or mortgagees willing to cure and assume as aforesaid; EXCEPT THAT in the event any MORTGAGEE has commenced a foreclosure action the provisions of section 20.03(b) shall apply.

(b) In the event the MORTGAGEE commences foreclosure proceedings against the LESSEES, whether or not the LESSEES are in default of the performance of their 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 within a period of sixty (60) days from the date of receipt of notice from the LESSOR specifying the nature of the default, or if the default cannot be reasonably cured within such sixty (60) day period, immediately proceeds with due diligence to cure the default as soon as reasonably possible;
- (iv) performs and observes all of the LESSEES' covenants and agreements under this lease and without undue delay diligently prosecutes to a conclusion the foreclosure proceedings commenced by the MORTGAGEE.

In the event that the MORTGAGEE acquires title to the LESSEES' interest in the SAID LANDS and BUILDINGS pursuant to the foreclosure proceedings, it shall thereupon become subrogated to the rights of the LESSEES under this lease provided it attorns to the LESSOR as tenant and

undertakes to be bound by and perform the covenants and agreements of this lease. PROVIDED HOWEVER that in the event the MORTGAGEE consists of more than one mortgagee and more than one of them commences foreclosure proceedings, the right to cure any default granted by this section 20.03(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) Any re-entry, termination or forfeiture of this lease made in accordance with the provisions of this lease as against the LESSEES shall be valid and effectual against the LESSEES even though made subject to the rights of any MORTGAGEE to cure any default of the LESSEES and to continue as tenant under this lease.
- (d) No entry upon the SAID LANDS or into the BUILDINGS by the MORTGAGEE pursuant to this section 20.03 for the purpose of curing any default or defaults of the LESSEES shall release or impair the continuing obligations of the LESSEES.

Section 20.04 Remedies of LESSOR are cumulative

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

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ARTICLE XXI

COVENANTS OF LESSOR

Section 21.01 Covenant respecting charges
and encumbrances

The LESSOR covenants with the LESSEES 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 21.02 Covenant respecting authority to lease

The LESSOR covenants with the LESSEES that the SAID LANDS are not required by the LESSOR for municipal purposes and it now has in itself good right, full power and absolute authority to lease the SAID LANDS to the LESSEES in the manner and according to the true intent of this lease.

Section 21.03 Landlord and Tenant Act

For the purposes of section 20(4) of the Landlord and Tenant Act, the LESSOR in its capacity as a municipality consents to this lease.

ARTICLE XXII

ARBITRATION

Section 22.01

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

ARTICLE XXIII

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SURRENDER OF LEASE AND
CONDUCT ON DEMISED PREMISES

Section 23.01

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

Section 23.02 Conduct on demised premises

The LESSEES covenant and agree with the LESSOR that they 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 XXIV

QUIET ENJOYMENT AND OWNERSHIP
OF THE BUILDINGS

Section 24.01 Covenant for Quiet Enjoyment

If the LESSEES pay the rent hereby reserved and the other charges, and perform the covenants hereinbefore on the LESSEES' part contained, the LESSEES 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 24.01 shall limit the rights of inspection conferred upon the LESSOR by section 13.01 or the right of the LESSOR to show the SAID LANDS and the BUILDINGS and to post notices, pursuant to section 13.02.

Section 24.02 Ownership of Tenant's Fixtures

The LESSEES may confer upon 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 LESSEES shall make good or shall cause such tenants to make good, any damage to the BUILDINGS caused by any removal of tenants' fixtures.

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CONVERSION OF GROUND LEASE
UNDER STRATA TITLES ACT

ARTICLE XXV

LEASEHOLD STRATA PLAN

Section 25.01

The LESSOR and the LESSEES acknowledge and confirm that it is their intent that the GROUND LEASE be converted into individual leases in accordance with the provisions of Part III of the STRATA TITLES ACT and to that end it is agreed that:

- (a) The LESSEES shall prepare or have prepared the LEASEHOLD STRATA PLAN, the same to be prepared in accordance with the provisions in that regard contained in the STRATA TITLES ACT.
- (b) The LESSEES shall deliver the LEASEHOLD STRATA PLAN to the LESSOR for approval and the LESSOR shall deliver to the LESSEES its written consent to the registration of the same for filing in the Vancouver Land Title Office so long as it is satisfied that the LEASEHOLD STRATA PLAN has been prepared in accordance with the provisions in that regard contained in the STRATA TITLES ACT.
- (c) The LESSOR for the purposes of section 56 of the STRATA TITLES ACT acknowledges and confirms that no restrictions upon the lease, assignment or occupancy of the STRATA LOTS included in the LEASEHOLD STRATA PLAN shall be imposed by it. The LESSEES acknowledge and confirm to the LESSOR that they shall be the sole responsibility of the LESSEES (except as aforesaid) to comply with the requirements of the STRATA TITLES ACT such that the LEASEHOLD STRATA PLAN may be accepted by the Registrar for deposit in accordance with the provisions in that regard set forth in the STRATA TITLES ACT.
- (d) The LESSEE may deposit the LEASEHOLD STRATA PLAN for registration in the Vancouver Land Title Office notwithstanding that the BASIC RENT has not been paid in

full; provided however that the LESSEES shall have paid all ADDITIONAL RENT, taxes and any other monies required to be paid hereunder and have observed and performed the covenants and agreements herein (including the covenant to pay BASIC RENT under section 2.01) to be performed by the LESSEES up to and including the date of deposit of the LEASEHOLD STRATA PLAN.

Section 25.02

It is hereby declared and agreed that the deposit of the LEASEHOLD STRATA PLAN shall in accordance with the provisions in that regard contained in Part III of the STRATA TITLES ACT operate as a conversion of this lease into individual leases in the name of the LESSEES in respect of the interest of the LESSOR in each STRATA LOT subject to the applicable terms and conditions contained in this lease and in the model STRATA LOT lease attached hereto and forming Schedule "A" hereof and to the provisions of the STRATA TITLES ACT and the regulations made thereunder. It is further declared and agreed between the parties hereto that from and after the conversion of this lease under the STRATA TITLES ACT as aforesaid, each STRATA LOT shall be held during the unexpired portion then remaining of the TERM separately from and independently of each of the other STRATA LOTS and shall not be affected by the breach of any of the covenants, stipulations or conditions herein contained in respect of any others or other of the STRATA LOTS and accordingly each STRATA LOT shall be held during the unexpired portion of the TERM with the benefit of all rights and privileges appurtenant thereto as if each STRATA LOT had been demised to separate lessees by separate leases in the form of the model STRATA LOT lease attached hereto.

ARTICLE XXVI

NOTICE

Section 26.01

All notices, demands, approvals 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
V5Y 1V4

and to:

Director of Legal Services
Law Department
City Hall
453 West 12th Avenue
Vancouver, British Columbia
V5Y 1V4

and in the case of the LESSEES addressed to:

United Properties Ltd.
No. 2400 - 1066 West Hastings Street
Vancouver, British Columbia
V6E 3X1

and to:

Imbrook Properties Limited
No. 500 - 330 Bay Street
Toronto, Ontario
M5H 2S8

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 LESSEES. The date of receipt of any such notice, demand or request shall be deemed to be the date of delivery if such notice, demand or request is served personally or if mailed as aforesaid on the second business day next following the date of such mailing, PROVIDED HOWEVER that if mailed, should there be between the time of mailing and the actual receipt of the notice a mail strike, slow down of postal service or other labour dispute which affects the delivery of such notice, then such notice shall be deemed to be received when actually delivered.

ARTICLE XXVII

MISCELLANEOUS

Section 27.01 Statements of Good Standing

The LESSOR and the LESSEES 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 is of the essence

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

Section 27.03 Modifications and Amendments

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

Section 27.04 Execution of model STRATA LOT
lease by STRATA CORPORATION

The LESSEES covenant and agree with the LESSOR to cause the STRATA CORPORATION to execute and deliver to the LESSOR a lease in the form of the model STRATA LOT lease attached hereto and forming Schedule "A" hereof within ten (10) days after deposit of the LEASEHOLD STRATA PLAN in the Land Title Office at Vancouver.

Section 27.05 Relief from Continuing Obligations

The LESSOR covenants and agrees with the LESSEES, and each of them that UNITED PROPERTIES LTD. and IMBROOK PROPERTIES LIMITED, the LESSEES named herein but not including their respective successors or assigns or any lessee, tenant or assignee of the LESSEES or either of them or any other party claiming under the LESSEES or either of them shall be released and discharged from any and all of their liabilities and obligations under the covenants, terms and conditions contained in the model STRATA LOT lease attached to this lease as Schedule "A" in respect of each STRATA LOT on the date which is the later of:

- a) the date the LESSEES' leasehold interest in that STRATA LOT is assigned to the first purchaser thereof, or
- b) the date of substantial completion of the BUILDINGS as certified by the ARCHITECT to the LESSOR.

Provided that the LESSEES shall have paid the BASIC RENT, ADDITIONAL RENT and taxes required to be paid hereunder and observed and performed the covenants and agreements herein to be performed by the LESSEES up to and including the said date.

Section 27.06 New Home Warranty Program of British Columbia

The LESSEES covenant and agree with the LESSOR to enroll with the New Home Warranty Program of British Columbia, a division of Pacific New Home Services, Inc., and a body

corporate carrying on business in British Columbia, each dwelling unit forming part of the BUILDINGS which the LESSEES commence to construct in accordance with section 5.01 of this lease and provide the LESSOR with evidence satisfactory to the LESSOR that such dwelling units have been so enrolled. If the New Home Warranty Program terminates prior to all dwelling units having been enrolled in the same, then the LESSEE shall enroll the remaining dwelling units in such other Home Warranty Program as may then be available in the Province of British Columbia that is satisfactory to the LESSOR, but if no such alternate program is then available, the LESSEE shall be relieved from its obligations under this Section with respect to the balance of the dwelling units then remaining to be constructed and not previously enrolled in the New Home Warranty Program.

Section 27.07 Captions and Headings

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

Section 27.08 Enurement

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

IN WITNESS WHEREOF the LESSOR and the LESSEES have hereunto caused to be affixed their respective seals

attested by the signatures of the respective proper officers
duly authorized for such purpose.

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

Assistant *Parascowley*
Director of Legal Services

The Corporate Seal of UNITED
PROPERTIES LTD. was hereunto
affixed in the presence of:

[Signature]
President

The Corporate Seal of
IMBROOK PROPERTIES LIMITED
affixed in the presence of:

[Signature]
VICE PRESIDENT - DEVELOPMENT
[Signature]
VICE PRESIDENT - FINANCE

Approved by Vancouver City Council on June 12th, 1979
Amended on October 16, 1979

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

DAMAGE OR DESTRUCTION

Section 7.01 Rent not to abate

The partial destruction or damage or complete destruction by fire or other casualty of the BUILDINGS shall not terminate this lease or entitle the LESSEE to surrender possession of the STRATA LOT or to demand any abatement or reduction of the 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 STRATA CORPORATION shall either:

- (a) replace any part of the BUILDINGS destroyed with a new structure in accordance with any agreement which may be made by the STRATA CORPORATION with the LESSOR, or
- (b) repair or replace such damage or destruction in the absence of any such agreement.

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

The STRATA CORPORATION covenants and agrees with the LESSOR that in the event of complete or substantially complete destruction of the BUILDINGS the STRATA CORPORATION shall either:

- (a) reconstruct or replace the BUILDINGS with a new structure or structures in accordance with any agreement which may be made by the STRATA CORPORATION 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 7.04 Replacement, repair or reconstruction under section 7.02 or 7.03 to be carried out in compliance with sections 6.02 and 8.01

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 and done in compliance with the provisions of sections 6.02 and 8.01 hereof.