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Building or repair of the Building or any part or parts of it which under the terms of this Lease the Tenant 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 a reasonable period of time at least equal to that of such delay or prevention and the Tenant 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 Landlord and the Tenant. If the Landlord and the Tenant cannot agree as to whether or not there is a prevention or delay within the meaning of this Article 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 Article XXI.

Each party shall notify the other promptly of the commencement, duration and cause, so far as the same is within the knowledge of such party, of any delay which will in any way affect the performance of the obligations of such party under this Agreement.

ARTICLE XII
BUILDERS' LIENS

Section 12.01

(a) The Tenant shall, throughout the Term at its own cost and expense, cause any and all builders' liens and other liens for labour, services or materials alleged to have been furnished with respect to the Lands or the Building, which may be registered against or otherwise affect the Lands or the Building, to be paid, satisfied, released or vacated within forty-two (42) days after the Landlord shall provide to the Tenant written notice of any claim for any such lien, PROVIDED HOWEVER, that in the event of a bona fide dispute by the Tenant of the validity or correctness of any claim for any such lien, the Tenant shall not be bound by the foregoing but shall be entitled to contest in good faith and with reasonable diligence the validity of any such claim of lien upon furnishing such security or indemnity as the Landlord might reasonably require.

ARTICLE XIII
INSPECTION AND EXHIBITION BY LANDLORD

Section 13.01 Inspection by Landlord

The Landlord and the Tenant agree that it shall be lawful for a representative of the Landlord at all reasonable times during the Term to enter the Lands and the Building and to examine the condition thereof provided that the Landlord does not thereby unreasonably interfere with the operations of the Tenant; and, further, that all wants of reparation as 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 Landlord to the Tenant, the Tenant shall within sixty (60) days after every such notice or such longer period as provided in subsection (b) of Section 20.01 well and sufficiently repair and make good accordingly.

Section 13.02 Exhibition by Landlord

During the final twelve (12) months of the Term, the Landlord shall be entitled to show the Lands and Building to prospective purchasers and tenants and to display upon the Lands and Building the usual signs advertising the Lands and Building as being available for purchase or letting, provided such showing is conducted and such signs are displayed in such a manner as not to interfere unreasonably with the Tenant's use and enjoyment of the Lands and the Building.

ARTICLE XIV
OBSERVANCE OF GOVERNMENTAL REGULATIONS ETC.

Section 14.01

The Tenant covenants with the Landlord that throughout the Term the Tenant will comply with all provisions of applicable 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 Building, to the equipment, maintenance, operation and use of the Building, and to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the Building or any part thereof. The Tenant covenants to comply with all applicable police, fire and sanitary regulations imposed by any municipal, regional, provincial, federal or other governmental authorities and to observe and obey all applicable municipal, regional, provincial, federal and other governmental regulations and other legal requirements governing the use and occupation of the Lands or the Building.

The Tenant, after notice to the Landlord, may by appropriate proceedings conducted promptly at the Tenant's own expense, in the Tenant's name, contest in good faith the validity or enforcement of any such law, by-law, ordinance, requirement, order, direction, rule or regulation and may defer compliance therewith while such contest is pending so long as:

- (a) such deferment shall not constitute an offence on the part of the Landlord;
- (b) the Tenant shall diligently prosecute such contest to a final determination by a court, department or government authority or body having jurisdiction; and

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- (c) the Tenant shall at its own cost and expense either .
(i) cause any charge caused by delay in compliance with any such law, by-law, ordinance, requirement, order, direction, rule or regulation which may be registered against or otherwise affect the Lands or the Building to be paid, satisfied, released or vacated or (ii) furnish such security or indemnity as the Landlord might reasonably require, within forty-two (42) days after the Landlord shall provide the Tenant with written notice of such registration.

ARTICLE XV
RIGHTS OF LANDLORD AND TENANT

Section 15.01

All rights and benefits and all obligations of the Landlord and the Tenant under this Lease shall be rights, benefits and obligations of the Landlord and the Tenant respectively in their capacities as landlord and tenant respectively under this Lease.

ARTICLE XVI
INDEMNITY

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

The Tenant shall indemnify and save harmless the Landlord 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 and to the extent caused by any breach, violation or non-performance of any covenant, condition or agreement in this Lease set forth and contained on the part of the Tenant to be fulfilled, kept, observed or performed.

Section 16.02 Injury, damage or loss of property

Notwithstanding the provisions of Article VII hereof, the Tenant shall indemnify and save harmless the Landlord 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 personal injury or damage to or loss of property to the extent occasioned by the use and occupation of the Lands or the Building.

Section 16.03 Indemnification survives termination of Lease

The obligations of the Tenant to indemnify the Landlord under the provisions of Sections 3.01, 3.02, 3.03, 16.01 and 16.02 hereof with respect to liability by reason of any matter arising

prior to the date of release of the Tenant pursuant to Section 26.04 hereof shall survive any termination of this Lease.

ARTICLE XVII
SUBLETTING AND ASSIGNING

Section 17.01 Subletting by Tenant
- other than by way of Mortgage

Save as expressly provided in Section 17.03, the Tenant shall not until the Date of Substantial Completion sublease the Lands, or any part thereof or any structure or any part of any structure erected thereon, to any person, persons or corporation whatsoever, without the consent in writing of the Landlord, which consent the Landlord may arbitrarily withhold; PROVIDED HOWEVER that if the Tenant is not in default hereunder:

- (a) the Tenant may from time to time without the consent of the Landlord enter into subleases with lessees or occupants of the dwelling units or the commercial, retail or office space in the Building comprising in every case part or parts (but not the whole) of the Building, such dwelling units to be used by the lessees or occupants for residential purposes only and such commercial, retail or office space to be used by the lessees or occupants for commercial, retail or office purposes only;
- (b) notwithstanding any such consent being given by the Landlord under this Section 17.01 and such subleasing being effected, the Tenant shall remain bound to the Landlord for the fulfillment of all its obligations hereunder;
- (c) if requested by the Landlord, a copy of any or all subleases shall be forwarded to the Landlord within thirty (30) days of the conclusion of each transaction together with particulars of registration (if any) in the Vancouver Land Title Office.

Section 17.02 Assignment by Tenant
- other than by way of Mortgage

The Tenant shall not until the Date of Substantial Completion (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 Lands or Building, or any of them, or this Lease, to be assigned, transferred or sold to any person, persons or corporation whatsoever except on the terms set forth at paragraph 25.01 of the Development Agreement and only to an assignee of the Development Agreement approved by the Landlord except that, without the consent of the Landlord:

- (a) the Tenant may offer for sale and enter into agreements of sale of its leasehold interest in the proposed Strata Lots

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which the Tenant proposes to create by the deposit of a Leasehold Strata Plan in accordance with Article XXVI provided that the Tenant has complied with all requirements of the Real Estate Act R.S.B.C. 1979 Chapter 356, and the policies of the Superintendent of Insurance with respect thereto so far as they pertain to the offer for sale and sale of the proposed Strata Lots and all Rent and taxes have been paid in full to that date in accordance with this Lease; and

- (b) the Tenant may assign, transfer or convey its 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 and all Rent and taxes have been paid in full to that date in accordance with this Lease, and the provisions of Section 15.02 of the Model Strata Lot Lease shall apply to such assignments, transfers or conveyances.

A copy of any prospectus referred to in Section 17.02(a) shall be delivered to the Landlord within thirty (30) days of the acceptance thereof by the Superintendent of Insurance.

Section 17.03 Mortgaging by Tenant

The Tenant may mortgage its leasehold interest under this Lease and its interest in the Lands and the Building (for which purpose the Tenant may assign or sublet by way of Mortgage) without the consent of the Landlord for any purposes, subject always to Article XVIII.

ARTICLE XVIII
MORTGAGE

Section 18.01 Tenant 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 Tenant of this Lease or the leasehold interest of the Tenant in any portion of the Lands and the Building by way of Mortgage as provided in Section 17.03 hereof, provided however that in the event of and notwithstanding any such assignment or subletting the Tenant shall be and remain liable for the payment of all Rent and taxes and the performance of all the terms, covenants and conditions of this Lease.

Section 18.02 Mortgage subject to Landlord's rights under Lease

Subject to the provisions of Section 20.02, every Mortgage shall be made expressly subject to the rights of the Landlord under this Lease.

Section 18.03 Rights of Mortgagee

Any Mortgagee under a Mortgage may enforce such Mortgage and acquire title to the leasehold estate in the Lands in any lawful way, and, by its representative or by a receiver, as the case may be, take possession of and manage the Lands, and upon foreclosure of such Mortgage may sell or assign the leasehold estate in the Lands and the purchaser or assignee of the leasehold estate in the Lands shall be liable to perform the obligations imposed on the Tenant by this Lease only so long as such purchaser or assignee has ownership or possession of such leasehold estate.

Section 18.04 Direct Covenants in Favour of Mortgagee

The Landlord agrees to execute, on request by a Mortgagee, a tripartite agreement between the Landlord, the Tenant and the Mortgagee wherein the Landlord agrees (1) to give to the Mortgagee, in the event the Mortgagee acquires the leasehold interest of the Tenant in the Lands, whether by foreclosure or otherwise, the direct benefit of the covenants herein contained on the part of the Landlord together with such other assurances as the Mortgagee may reasonably require, (2) that the Landlord will not agree to any amendment of the Lease which increases the liability of the Tenant or accept a surrender of the Lease without the Mortgagee's consent and (3) such other terms and conditions, reasonably required by the Mortgagee.

ARTICLE XIX
PARKING

Section 19.01

The Tenant agrees to construct and provide, at its expense, such onsite parking facilities as are required by the Official Development Plan.

Section 19.02

The Tenant shall at its own cost and expense keep the parking facilities on the Lands in good order and repair and, without limiting in any way the generality of the foregoing, in particular shall:

- (a) maintain the surface thereof reasonably and fully covered with a hard and durable surfacing material with parking spaces suitably marked;
- (b) remove or cause to be removed therefrom all papers, debris, filth and refuse when reasonably necessary;

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- (c) keep the curbs, lighting equipment, sewers, drains, direction signs, and other installations thereon in good repair and condition and adequately light the parking facilities.

ARTICLE XX
DEFAULT BY TENANT

Section 20.01 Re-entry on certain defaults by Tenant

The Landlord and the Tenant agree that subject to the provisions of Section 20.02, if:

- (a) the Tenant shall default in payment of 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 Landlord to the Tenant; or
- (b) the Tenant shall default in performing or observing any of its covenants or obligations under this Lease (other than those referred to in subsection 20.01(a)) and the Landlord shall have given to the Tenant notice of such default and at the expiration of sixty (60) days after the giving of such notice the default shall continue to exist or, in the case of a default which cannot with due diligence be cured within the period of sixty (60) days aforesaid, the Tenant fails to proceed promptly and diligently after the giving of such notice to cure such default; or
- (c) the Tenant files in any court a petition in bankruptcy or insolvency or for any reorganization or for the appointment of a receiver or trustee of all or a portion of the Tenant's property, or if there is filed against the Tenant in any court a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or a portion of the Tenant's property and within thirty (30) days after the commencement of any such proceedings against the Tenant such petition shall not have been dismissed; or
- (d) the Tenant makes an assignment for the benefit of creditors; or
- (e) subject to the terms hereof, after Commencement of Construction, the Tenant vacates or abandons the Lands or the Building; or

- (f) this Lease shall expire or be forfeited or voluntarily surrendered by the Tenant or be terminated by any other provision herein contained;

and if the Landlord desires to re-enter the Lands and to repossess and enjoy the Lands and the Building 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 Lands and the Building, the Landlord shall unless the Tenant voluntarily surrenders the Lands and the Building to the Landlord, apply to the Supreme Court of British Columbia, upon not less than fourteen (14) days' notice to all persons interested in the Lands and the Building, for an Order that, either:

- (i) the interest of the Landlord in this Lease and the Lands and the Building for the remainder of the Term and all the rights of the Tenant 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, Rent, taxes and other money due to the Landlord hereunder is paid to the Landlord, in accordance with the priorities of the persons interested as aforesaid as ascertained by the Court upon enquiry or reference; or
- (ii) the Landlord or the Landlord's agents or employees be authorized to re-enter the Lands and the Building without being liable to any prosecution or damages therefor, and repossess and enjoy the Lands and the Building 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 Building or the Lands, as liquidated damages, without such re-entry and repossession working a forfeiture or waiver of the Basic Rent, Rent, taxes and other money to be paid and the covenants to be performed by the Tenant 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 Tenant's interest in the Lands and the Building, the registration thereof, and any certificate of leasehold charge and this Lease and issue a new or replacement certificate in the name of the Landlord or the purchaser, as the case may be, free and clear of and from all liens, charges and encumbrances whatsoever. The Landlord 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 willful neglect or default of the Landlord.

Section 20.02 Notice to and remedies of Mortgagee

(a) No re-entry, termination or forfeiture of this Lease by the Landlord shall be valid against a Mortgagee who has filed with the Landlord notice of Mortgage in favour of the Mortgagee and specified an address for notice under Article XXVII unless the Landlord shall first have given to the Mortgagee notice of the default entitling the Landlord to re-enter, terminate or forfeit this Lease, specifying the nature of that default and stating the Landlord's intention to take such proceedings and requiring the Mortgagee:

- (i) to cure the default specified in the notice within a period of sixty (60) days from the date of receipt of that notice by the Mortgagee; or
- (ii) if the default is other than the failure to pay Rent or taxes or any other sums required to be paid to the Landlord by any provision of this Lease and if the default cannot reasonably be cured within such sixty (60) day period, then to immediately commence to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default, and the Landlord hereby grants the Mortgagee access to the Lands and the Building 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 Landlord 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 Tenant's interest in this Lease, and more than one of them wishes to cure the default specified in the notice aforesaid, then the Landlord 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 20.02(b) shall apply.

(b) In the event the Mortgagee commences foreclosure proceedings against the Tenant, whether or not the Tenant is in default of the performance of its covenants and agreements with the Landlord under this Lease at the time such foreclosure proceedings are commenced, the Landlord shall not re-enter, terminate or forfeit this Lease after the commencement of foreclosure proceedings on the

ground of any default entitling the Landlord to re-enter, terminate or forfeit this Lease if the Mortgagee:

- (i) shall first have given to the Landlord 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 Landlord specifying the nature of the default or if the default is other than the failure to pay Rent or taxes or any other sums required to be paid to the Landlord by any provision of this Lease and if such default 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;
- (iv) performs and observes all of the Tenant's 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 Tenant's interest in the Lands and Building pursuant to the foreclosure proceedings, it shall thereupon become subrogated to the rights of the Tenant under this Lease provided it attorns to the Landlord 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 20.02(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 by reason of the bankruptcy or insolvency of the Tenant and the Mortgagee has filed with the Landlord notice of Mortgage in favour of the Mortgagee and specified an address for notice under Article XXVII, the Landlord shall give to the Mortgagee notice of the bankruptcy or insolvency of the Tenant entitling the Landlord to terminate or forfeit this Lease and stating the Landlord's intention to take such proceedings and requiring the Mortgagee to cure the Tenant's default and the Tenant's default shall be deemed to have been sufficiently cured if the Mortgagee shall:

- (i) take possession and control of the Lands and Building, 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 Lands and Building, and the Landlord hereby grants the