

Mortgagee or such receiver access to the Lands and Building for that purpose;

- (ii) cure every default within a period of sixty (60) days from the date of receipt by the Mortgagee of the notice from the Landlord of the bankruptcy or insolvency of the Tenant, or if such default or defaults are 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 or defaults cannot reasonably be cured within such sixty (60) day period, immediately commence to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default or defaults;
- (iii) attorn as tenant to the Landlord and undertake to be bound by and to perform the covenants and agreements of this Lease;
- (iv) without delay, commence and diligently prosecute to conclusion foreclosure proceedings under its Mortgage.

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

(d) Any re-entry, termination or forfeiture of this Lease made in accordance with the provisions of this Lease as against the Tenant shall be valid and effectual against the Tenant even though made subject to the rights of any Mortgagee to cure any default of the Tenant and to continue as tenant under this Lease.

(e) No entry upon the Lands or into the Building by the Mortgagee pursuant to this Section 20.02 for the purpose of curing any default or defaults of the Tenant shall release or impair the continuing obligations of the Tenant.

Section 20.03 Remedies of Landlord are cumulative

The remedies of the Landlord specified in this Lease are cumulative and are in addition to any remedies of the Landlord at law or equity. No remedy shall be deemed to be exclusive, and the Landlord 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 Landlord shall be entitled to restrain by injunction any violation or attempted or threatened violation by the Tenant of any of the covenants or agreements hereof.

Section 20.04 Waiver by Landlord

The failure of the Landlord 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 Landlord 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 Landlord of Rent with knowledge of any breach of any covenant or agreement by the Tenant shall not waive such breach. No waiver by the Landlord shall be effective unless made in writing.

ARTICLE XXI  
ARBITRATION

Section 21.01

If the Landlord and the Tenant 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 a single arbitrator to be chosen by the Landlord and the Tenant, provided that if the Landlord and the Tenant do not agree as to the choice of a single arbitrator, then by three arbitrators, one of whom shall be chosen by the Landlord, one by the Tenant, 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 of an arbitrator to represent the party or parties in default or a third arbitrator or both of such arbitrators. The costs of the reference and award shall be in the discretion of the arbitrators who may direct to and by whom and in what manner those costs or any part thereof shall be paid and may tax or settle the amount of costs to be so paid or any part thereof and may award costs to be paid as between solicitor and client. Except as to matters otherwise provided herein, the provisions of the Arbitration Act of British Columbia, R.S.B.C. 1979, Chapter 18 as amended from time to time, shall apply.

ARTICLE XXII  
CERTAIN COVENANTS AND AGREEMENTS OF TENANT

Section 22.01 Conduct on demised premises

The Tenant covenants and agrees with the Landlord that, except as otherwise permitted or required hereunder, it will not carry on nor do, nor allow to be carried on or done upon the Lands

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or in the Building any work, business or occupation which may be a nuisance or which may be contrary to any law or to any by-law of the City of Vancouver or of any other governmental agencies or authorities having jurisdiction for the time being in force.

ARTICLE XXIII  
SURRENDER OF LEASE

Section 23.01

At the end of the Term, either by forfeiture, default or lapse of time, the Tenant shall surrender the Lands and the Building to the Landlord in the condition in which they were required to be kept by the Tenant under the provisions of this Lease, except as herein otherwise expressly provided.

ARTICLE XXIV  
QUIET ENJOYMENT AND OWNERSHIP OF TENANTS' FIXTURES

Section 24.01 Covenant for Quiet Enjoyment

If the Tenant pays the Rent hereby reserved and performs the covenants hereinbefore on the Tenant's part contained, the Tenant shall and may peaceably enjoy and possess the Lands for the Term, without any interruption or disturbance whatsoever from the Landlord or any other person, firm or corporation lawfully claiming from or under the Landlord.

Section 24.02 Covenant Regarding Charges and Encumbrances

The Landlord covenants with the Tenant that the Landlord has a good and marketable title in fee simple to the Lands and that the Landlord has not at any time done and will not at any time do any act which could encumber or charge the Lands in priority to this Lease, save and except for the subsisting exceptions and reservations contained in the original grant of the Lands from the Crown and indemnity agreement registered under No. N42009.

Section 24.03 Authority to Lease

The Landlord represents and covenants with the Tenant that it has in itself good right, full power and authority to lease the Lands to the Tenant in the manner and according to the intent hereof.

Section 24.04

Any interference with the rights of the Tenant under this Lease by virtue of the operation of the Mineral Act, Petroleum and Natural Gas Act, Coal Act or Water Act or any certificate, lease, permit, or license issued under those Acts shall not constitute a breach of the Landlord's covenant of quiet enjoyment.

Section 24.05

This Lease and the Term herein granted is subject to all subsisting grants to, or rights of, any person made or acquired under the Mineral Act, Petroleum and Natural Gas Act, Coal Act or Water Act, whether or not the Tenant has actual notice of them.

Section 24.06 Ownership of the Building

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

Section 24.07 Ownership of Tenants' Fixtures

The Tenant may confer upon tenants or occupants of the Building 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 Building or the Lands. The Tenant shall make good or shall cause such tenants to make good any damage to the Building caused by any removal of tenants' fixtures.

ARTICLE XXV  
OVERHOLDING

Section 25.01

The Tenant covenants and agrees with the Landlord that if the Tenant shall hold over and the Landlord shall accept Rent after the expiration of the Term, the new tenancy thereby created shall be a tenancy from month to month and not a tenancy from year to year and shall be subject to the covenants and conditions herein contained so far as the same are applicable to a tenancy from month to month.

ARTICLE XXVI  
CONVERSION OF GROUND LEASE UNDER CONDOMINIUM ACT

Section 26.01 Leasehold Strata Plan

(a) The Tenant shall prepare or cause to be prepared the Leasehold Strata Plan as soon as reasonably possible after the date

of this Lease, and in any case on or before the 31st day of May, 1987, the same to be prepared in accordance with the provisions of the Condominium Act.

(b) The Tenant shall deliver the Leasehold Strata Plan to the Landlord and the Landlord agrees to promptly deliver to the Tenant its written consent to the registration of the Leasehold Strata Plan for filing in the Vancouver Land Title Office if it is satisfied that the Leasehold Strata Plan has been prepared in accordance with the provisions in that regard contained in the Condominium Act.

(c) As soon as reasonably possible after the written consent of the Landlord has been delivered, the Tenant shall deposit the Leasehold Strata Plan in the Vancouver Land Title Office in accordance with the provisions of the Condominium Act and the Land Title Act, Chapter 219, R.S.B.C. 1979, as amended from time to time.

(d) The Tenant acknowledges and confirms to the Landlord that it shall be the sole responsibility of the Tenant to comply with the requirements of the Condominium Act such that the Leasehold Strata Plan may be accepted by the Vancouver Land Registrar for deposit in the Vancouver Land Title Office as aforesaid.

Section 26.02 Conversion of Ground Lease

It is understood and agreed between the Landlord and the Tenant that the deposit of the Leasehold Strata Plan shall in accordance with the provisions of Part 3 of the Condominium Act operate as a conversion of this Lease into individual leases in the name of the Tenant in respect of the interest of the Landlord in each Strata Lot subject to the applicable terms and conditions contained in this Lease and in the Model Strata Lot Lease and to the provisions of the Condominium Act and the regulations made thereunder. From and after the conversion of this Lease under the Condominium Act as aforesaid, each Strata Lot shall be held during all of the unexpired residue of the Term then remaining separately free and independently of each of the other Strata Lots as if each Strata Lot had been demised to the Tenant by separate leases in the form of the Model Strata Lot Lease.

Section 26.03 Execution of Model Strata Lot Lease  
by Strata Corporation

The Tenant covenants and agrees with the Landlord that within ten (10) days after the deposit of the Leasehold Strata Plan in the Land Title Office in Vancouver and prior to the assignment of any of the Strata Lots the Tenant will deliver to the Landlord a lease in the form of the Model Strata Lot Lease executed by the Tenant and the Strata Corporation together with any resolution of the Strata Corporation necessary to authorize the Strata Corporation to enter into and execute the said lease. The Landlord shall upon receipt of the executed lease, forthwith execute the same and cause

it to be filed in the Vancouver Land Title Office and the Tenant shall bear all costs of the registration thereof.

Section 26.04 Release from Liability

The Landlord covenants and agrees with the Tenant that Fama Holdings Ltd., the Tenant named herein, or any assignee approved by the Landlord as referred to at Section 17.02, but not otherwise including its or their successors, assigns or any lessee, sublessee or tenant of the Tenant (or permitted assignee) or any other party claiming under the Tenant (or permitted assignee) or any party to whom the Tenant (or permitted assignee) assigns, transfers or conveys a Strata Lot under Section 17.02(b) of this Lease or Section 15.02 of the Model Strata Lot Lease, shall be released and discharged from any and all of its liabilities and obligations under the covenants, terms and conditions contained herein and in the Model Strata Lot Lease in respect of each Strata Lot on the date which is the later of:

- (a) the date the Tenant's (or permitted assignee's) leasehold interest in that Strata Lot is assigned to the first purchaser thereof; or
- (b) the date of substantial completion of the Building as certified by the Architect of the Tenant.

Provided that the Tenant shall have paid the Rent required to be paid hereunder and observed and performed the covenants and agreements herein to be performed by the Tenant up to and including the said date.

ARTICLE XXVII  
NOTICE

Section 27.01

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

British Columbia Place Ltd.  
21st Floor, 650 West Georgia Street  
Vancouver, British Columbia  
V6B 4N9

Attention: Corporate Secretary

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and in the case of the Tenant addressed to:

Fama Holdings Ltd.  
Suite 801, Kapilano 100  
West Vancouver, British Columbia  
V7T 1A2

Attention: Mr. A. Aghtai

with a copy to:

Ladner Downs  
2100 - 700 West Georgia Street  
Vancouver, British Columbia  
V7Y 1A8

Attention: Mr. Chase

or at such other addresses in Canada as the parties may from time to time advise by notice in writing. Mortgagees shall supply their respective mailing addresses to the Landlord and the Tenant. 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.

ARTICLE XXVIII  
MISCELLANEOUS

Section 28.01 Certificates of Good Standing

The Landlord and the Tenant agree that at any time and from time to time upon not less than fifteen (15) days' prior request by the other party, each will execute, acknowledge and deliver to the other (and if requested by the other party, addressed to any third party or parties designated by the other party) 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 Rent and other charges have been paid; and
- (c) that, so far as the maker of the statement knows, the party who requests the statement is not in default under any provisions of this Lease, or, if in default, the particulars thereof.

Section 28.02 Landlord's Performance of Tenant's Covenants

In the event of default by the Tenant in performance of any of its obligations hereunder other than the payment of Rent, the Landlord may perform the same and the amount of any expenditures made by the Landlord in connection therewith shall be deemed to be Rent payable hereunder, and shall be reimbursed to the Landlord by the Tenant on demand together with interest at two (2%) percent annum above the Prime Rate from the date incurred until paid. The Landlord shall however be under no obligation to remedy any default of the Tenant, and shall not incur any liability to the Tenant for any act or omission in the course of its curing or attempting to cure any such default.

Section 28.03 Payment of Costs and Expenses

In the event that the Tenant shall fail to perform any term or condition of this Lease, the Tenant hereby agrees to pay to the Landlord all of the Landlord's costs and expenses of enforcing this Lease, by action or otherwise, including reasonable solicitors' fees.

Section 28.04 Time is of the Essence

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

Section 28.05 Governing Law

This Lease shall be governed by and construed in accordance with the laws of the Province of British Columbia. Each and every covenant and agreement contained in this Lease is, and shall be construed to be, a separate and independent covenant and agreement, and the breach of any such covenant or agreement by the Tenant shall not discharge or relieve the Tenant from its obligations to perform the same. If any term or provision of this Lease or the application thereof to any person or circumstances shall to any extent be invalid and unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and shall be enforced to the extent permitted by law.

Section 28.06 No Partnership or Joint Venture

This Lease is not intended nor shall it be construed to create the relationship of either a partnership or a joint venture between the Landlord and the Tenant.

Section 28.07 Joint and Several

Each of the parties constituting the Tenant acknowledges that each of them shall be jointly and severally bound with the other for the due performance of the obligations, covenants,



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agreements and provisos of the Tenant under this Lease and that all such obligations, covenants and agreements shall be joint and several.

Section 28.08 Interpretation

Wherever the neuter is used herein it should be construed as if the masculine or feminine had been used where the context so requires, and the rest of the sentence concerned shall be construed as if the grammatical and terminological changes thereby rendered necessary had been made.

Section 28.09 Modifications and Amendments

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

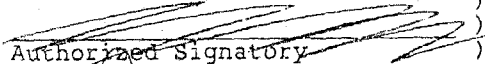
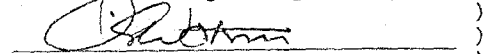
Section 28.10 Captions and Headings

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

Section 28.11 Enurement

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

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

The COMMON SEAL of )  
BRITISH COLUMBIA PLACE LTD. )  
was hereunto affixed )  
in the presence of: )  
)  
 )  
Authorized Signatory )  
 )  
Authorized Signatory )

The COMMON SEAL of )  
FAMA HOLDINGS LTD. )  
was hereunto affixed )  
in the presence of: )  
*Ryut* )  
\_\_\_\_\_)  
Authorized Signatory )  
\_\_\_\_\_)  
Authorized Signatory )

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Schedule "A"

MODEL STRATA LOT LEASE

THIS INDENTURE made as of the            day of            , 19    .

BETWEEN:

BRITISH COLUMBIA PLACE LTD., having an office at 21st Floor, 650 West Georgia Street, Vancouver, British Columbia, V6B 4N9

(hereinafter called the "Landlord")

OF THE FIRST PART,

AND:

FAMA HOLDINGS LTD., having an office at Suite 801, Kapilano 100, West Vancouver, British Columbia, V7T 1A2 (Incorporation No. 196,600)

(hereinafter called the "Tenant")

OF THE SECOND PART,

AND:

THE OWNERS, LEASEHOLD STRATA PLAN NO. VR

(hereinafter called the "Strata Corporation")

OF THE THIRD PART.

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

TO HAVE AND TO HOLD the Strata Lot for and during the Term (herein defined).

YIELDING AND PAYING to the Landlord during the Term the Rent as hereinafter provided.

This lease is made upon and subject to the following covenants and conditions of the Landlord and the Tenant which they respectively agree to keep, observe and perform.

ARTICLE IDEFINITIONSSection 1.01

For all purposes of this lease, unless otherwise specifically provided herein, the following terms shall have the meanings hereinafter specified:

- (a) "Buildings" means all structures and buildings constructed upon the Lands or any part thereof, together with all replacements, alterations, additions, changes, substitutions, improvements or repairs thereto, all Common Facilities and other improvements from time to time constructed upon or affixed or appurtenant to the Lands;
- (b) "Bylaws" shall have the same meaning as such expression is given under the Condominium Act;
- (c) "Common Facility" shall have the same meaning as such expression is given under the Condominium Act;
- (d) "Common Property" shall have the same meaning as such expression is given under the Condominium Act;
- (e) "Condominium Act" means the Condominium Act, R.S.B.C., 1979, chapter 61, as amended from time to time;
- (f) "Fair Market Value" means the purchase price that would be paid as between persons dealing in good faith and at arm's length;
- (g) "Ground Lease" means that certain indenture of lease dated as of the 28th day of June, 1985, and made between the Landlord and the Tenant wherein the Landlord demised unto the Tenant the Lands for a term beginning on June 28, 1985, and ending on June 27, 2084;
- (h) "Lands" means those lands in the City of Vancouver in the Province of British Columbia, more particularly known and described as Lot 140, False Creek, Plan 20319 and owned by the Landlord;
- (i) "Leasehold Strata Plan" means a strata plan deposited in the Vancouver Land Title Office pursuant to the Condominium Act in which the land included in the strata plan is subject to this lease;
- (j) "Mortgage" means a mortgage or mortgages upon or in respect of the leasehold interest of the Tenant in the Lands and the Buildings or any part thereof and includes any debenture and

deed of trust and mortgage to secure any bonds or debentures issued thereunder;

- (k) "Mortgagee" means a mortgagee or mortgagees under a Mortgage and includes any debenture holder or trustee for bondholders or debenture holders or any debenture holder under a deed of trust and mortgage to secure any bonds or debentures issued thereunder;
- (l) "Owner" shall have the same meaning as such expression is given under the Condominium Act;
- (m) "Prime Rate" means the rate of interest published from time to time by the main branch in the City of Vancouver of The Toronto-Dominion Bank as its most favourable rate of interest to its most creditworthy and substantial customers on large loans, which rate the parties acknowledge was \_\_\_\_\_% per annum on \_\_\_\_\_, 198\_\_\_\_;
- (n) "Rent" means the amounts payable by the Tenant pursuant to Section 2.02;
- (o) "Strata Corporation" means the corporation created by the deposit of the Leasehold Strata Plan in the Vancouver Land Title Office pursuant to the provisions of the Condominium Act;
- (p) "Strata Lot" means a strata lot shown as such on the Leasehold Strata Plan;
- (q) "Term" means the unexpired portion of the term of the Ground Lease commencing on the date of deposit of the Leasehold Strata Plan and ending on June 27, 2084, save and except as modified by Article XXIII;
- (r) "Termination" shall have the same meaning as such expression is given under Part 3 of the Condominium Act;
- (s) "Unit Entitlement" shall have the same meaning as such expression is given under the Condominium Act.

#### Section 1.02

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

#### Section 1.03

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

ARTICLE IIPAYMENT OF RENTSection 2.01 Net Lease

All Rent required to be paid by the Tenant hereunder shall be paid without any deduction, abatement or set-off whatsoever, it being the intention of this lease that all expenses, costs, payments and outgoings incurred in respect of the Strata Lot or for any other matter or thing affecting the Strata Lot shall be borne by the Tenant, that the Rent herein provided shall be absolutely net to the Landlord and free of all abatements, set-offs or deductions of real property taxes, charges, rates, assessments, expenses, costs, payments or outgoing of every nature arising from or related to the Strata Lot or any other improvements on the Strata Lot and that the Tenant shall pay or cause to be paid all such taxes, charges, rates, assessments, expenses, costs, payments and outgoings.

Section 2.02 Collection of amounts due

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

Section 2.03 Interest on amounts in arrears

When Rent is in arrears, such amount shall bear interest at the rate of five per centum (5%) per annum above the Prime Rate until paid, and the Landlord 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 Landlord under this lease.

ARTICLE IIIPAYMENT OF TAXESSection 3.01 Payment of Taxes

The Tenant 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 become due and payable whether monthly, quarterly, twice-yearly or otherwise, pay and discharge or cause to be paid and discharged all taxes, rates, duties, charges and assessments, including school taxes, local improvement rates and other charges which now are or shall or may be levied, rated, charged or assessed against the Strata Lot, all other structures, all machinery, equipment, facilities and other property of any nature whatsoever thereon and therein, (other than such taxes as corporate income, capital or profits taxes assessed upon the Landlord) 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 Landlord 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 Landlord may be collected by the Landlord as Rent with all rights of distress and otherwise as reserved to the Landlord in respect of rent in arrears. The Tenant further covenants and agrees that during the Term, if requested by the Landlord, it will deliver to the Landlord for inspection receipts for payments of all taxes, rates, duties, charges, assessments, including school taxes, local improvement rates and other charges in respect of the Strata Lot, all other structures, all machinery, equipment, facilities and other property of any nature whatsoever thereon and therein which were due and payable during the Term within fourteen (14) days following request by the Landlord. The Landlord shall, not later than fourteen (14) days following receipt of any assessment notices delivered to the Landlord by any taxing authority relating to the Strata Lot, or any other structures, any machinery, equipment, facilities and other property of any nature whatsoever thereon and therein, forward a copy thereof to the Tenant. The Tenant shall have the right from time to time to appeal any assessment of the Strata Lot or any other tax, rate, duty, charge or amount referred to in this Section 3.01 provided that such appeal shall be at the sole cost and expense of the Tenant. If in the future the Tenant is unable to appeal any assessment of the Strata Lot or any other tax rate, duty, charge or amount referred to in this Section 3.01 except in the name of the Landlord, then the Tenant shall have the right to appeal in the name of the Landlord.

Notwithstanding anything herein contained, the Tenant shall be responsible only for the payments referred to in this Section 3.01 from the date of the deposit of the Leasehold Strata Plan and if such date shall be other than the first day of January in any year, such payments



as to the first and last years of this lease shall be reduced proportionately.

Section 3.02 Payment for Utility Services

(a) The Tenant covenants with the Landlord to pay for or cause to be paid when due all charges for gas, electricity, light, heat, power, telephone, water and other utilities and services used in or supplied to the Strata Lot throughout the Term and will indemnify and keep indemnified the Landlord 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 Landlord may be collected by the Landlord as Rent with all rights of distress and otherwise as reserved to the Landlord in respect of rent in arrears.

(b) The Strata Corporation covenants with the Landlord to pay for or cause to be paid when due all charges for gas, electricity, light, heat, power, telephone, water and other utilities and services used in or supplied to the Common Property, Common Facilities or the Strata Corporation throughout the Term (unless such charges are payable by the Tenant under Section 3.02(a)) and will indemnify and keep indemnified the Landlord from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such charges, and the Strata Corporation shall reimburse the Landlord for any such loss, costs, charges and expenses which relate to such charges suffered by the Landlord within thirty (30) days after receipt of invoice therefor from the Landlord and in default thereof the Tenant's share of the amount to which the Landlord is entitled to reimbursement from the Strata Corporation (which share shall be determined as hereinafter set forth) may be recovered by the Landlord as Rent with all rights of distress and otherwise as reserved to the Landlord in respect of and as rent in arrears. In apportioning any amount to which the Landlord is entitled to reimbursement under this Section 3.02(b) such amount shall be borne by the Tenant in the proportion that the Unit Entitlement of the Tenant's Strata Lot bears to the aggregate Unit Entitlement of all of the Strata Lots from time to time or as may otherwise be set forth in the Bylaws.

Section 3.03 Business Tax and License Fees

(a) The Tenant covenants with the Landlord to pay for or cause to be paid when due every tax and permit and license fee in respect of any and every business carried on, upon or in the Strata Lot, in respect of the use or occupancy thereof by the Tenant (and any and every sublessee, permittee and licensee) other than such taxes as corporate income, profits or excess profit taxes assessed upon the income of the Tenant (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 Landlord 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 Landlord may be collected by the Landlord as Rent with all rights of distress and otherwise as reserved to the Landlord in respect of rent in arrears.

(b) The Strata Corporation covenants with the Landlord to pay for or cause to be paid when due every tax and permit and license fee in respect of any and every business carried on, upon or in the Common Property or Common Facilities (unless such tax or fee is payable by the Tenant under Section 3.03(a)) whether such taxes or permit and license fees are charged by any municipal, parliamentary, legislative, regional or other authority during the Term and will indemnify and keep indemnified the Landlord from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such taxes and permit and license fees, and the Strata Corporation shall reimburse the Landlord for any such loss, costs, charges and expenses which relate to such charges suffered by the Landlord within thirty (30) days after receipt of invoice therefor from the Landlord and in default thereof the Tenant's share of the amount to which the Landlord is entitled to reimbursement from the Strata Corporation (which share shall be determined as hereinafter set forth) may be recovered by the Landlord as Rent with all rights of distress and otherwise as reserved to the Landlord in respect of and as rent in arrears. In apportioning any amount to which the Landlord is entitled to reimbursement under this Section 3.03(b) such amount shall be borne by the Tenant in the proportion that the Unit Entitlement of the Tenant's Strata Lot bears to the aggregate Unit Entitlement of all of the Strata Lots from time to time or as may otherwise be set forth in the Bylaws.

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ARTICLE IVUSE OF STRATA LOTSection 4.01 Use of Strata Lot

The Tenant covenants and agrees with the Landlord that the Strata Lot (other than its share of the Common Property and Common Facilities) shall not be used for any purpose except that of self contained residential accommodation together with other facilities ancillary thereto and connected therewith and commercial, retail and office accommodation together with other facilities ancillary thereto and connected therewith, subject always to any applicable laws, by-laws, resolutions or regulations of the City of Vancouver and other governmental agencies and authorities having jurisdiction.

ARTICLE VINSURANCESection 5.01 Insurance

At all times during the Term, the Strata Corporation shall at no expense to the Landlord, insure and keep insured the Buildings and insurable improvements owned by the Strata Corporation in one or more companies entitled to do business in the Province of British Columbia against loss or damage by fire and other perils now or hereafter from time to time embraced by or defined in the Commercial Building form of insurance coverage applicable to similar properties as the Lands, the Buildings and any insurable improvements owned by the Strata Corporation and effected in the Province of British Columbia by prudent owners from time to time during the Term including, without restricting the generality of the foregoing, the hazards of lightning, earthquake, explosion, wind storm, cyclone, tornado, hail, riot, civil commotion, malicious damage, aircraft, smoke and vehicle damage to the extent that insurance against such risk or perils, or any of them, may be obtained in an amount equal to the full replacement value thereof. The insurance policy or policies described in this Section 5.01 shall cover the cost of demolishing the Buildings and clearing the Lands of all resulting debris if the Buildings are damaged or destroyed by one or more of the hazards insured against whether or not the Strata Corporation resolves not to rebuild the Buildings or the Owners resolve that the Buildings should be deemed to be destroyed.

Section 5.02 Pressure Vessel Insurance

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

Section 5.03 Deductible Amounts

Any of the policies of insurance referred to in Sections 5.01 or 5.02 hereof may, with the approval of the Landlord which approval shall not be unreasonably withheld, provide that the amount payable in the event of any loss shall be reduced by a deductible amount, such amount to be designated by the Strata Corporation and approved by the Landlord, such approval not to be unreasonably withheld, and the Strata Corporation shall be a co-insurer to the extent of the amount so deducted from the insurance monies paid in the event of any loss, and

the said amount shall, for the purpose of Section 5.07 hereof, be included as part of the insurance monies payable and paid.

Section 5.04 Co-insurance Clauses

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

Section 5.05 Identity of Insured

Any and all policies of insurance referred to in Section 5.01 or 5.02 hereof shall be written in the name of the Landlord and the Strata Corporation as the insureds. Each policy of insurance referred to in Section 5.01 and 5.02 hereof shall contain a provision or shall bear an endorsement that the insurer will not cancel such policy without first giving the Landlord at least fifteen (15) days' notice in writing of its intention to cancel.

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

The Strata Corporation and the Tenant release the Landlord, its successors and assigns, from any and all liability for loss or damage caused by any of the perils against which the Strata Corporation shall have insured or pursuant to the terms of this lease is obligated to insure the Buildings and any insurable improvements owned by the Strata Corporation or any part or parts thereof, and the Strata Corporation hereby covenants to indemnify and save harmless the 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 5.07 Payment of Loss under the Insurance Policies referred to in Sections 5.01 and 5.02

(a) Subject to Section 5.07(b), the insurance monies payable under any or all of the policies of insurance referred to in Section 5.01 or 5.02 hereof shall, notwithstanding the terms of the policy or policies, be paid to the order of the insurance trustee designated by the by-laws of the Strata Corporation (if any), otherwise it shall be paid to or to the order of the Strata Corporation on behalf of the Landlord, the Tenant, the Strata Corporation and the Mortgagee, if any.

(b) Subject to Article VII hereof, the Strata Corporation shall use such insurance monies for the restoration, reconstruction or replacement of the loss or damage in respect of which such insurance

monies are payable hereunder against certificates of the architect engaged by the Strata Corporation or such other person as the Landlord and the Strata Corporation may agree upon who is in charge of such restoration, reconstruction or replacement. Should the Strata Corporation fail to effect the restoration, reconstruction or replacement of the loss or damage in respect of which the insurance monies are payable, without unreasonable delay, the Landlord shall be entitled to effect such restoration, reconstruction or replacement and the Strata Corporation shall pay or cause to be paid to the Landlord such insurance monies in the same manner as the Strata Corporation would have done had the Strata Corporation effected such restoration, reconstruction or replacement.

#### Section 5.08 Workers' Compensation Coverage

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

#### Section 5.09 Comprehensive General Liability

At all times during the Term, the Strata Corporation shall, at no expense to the Landlord, maintain in one or more companies duly authorized to carry on business within the Province of British Columbia, comprehensive general liability insurance against claims for personal injury, death or property damage or loss arising out of the use and occupation of the Lands and Buildings and any insurable improvements owned by the Strata Corporation indemnifying and protecting the Landlord, the Tenant and the Strata Corporation in such amounts as the Landlord shall reasonably request.

#### Section 5.10 Payment of Insurance Premiums

The Strata Corporation shall pay all the premiums under the policies of insurance referred to in this Article V as they become due and payable whether such policies are obtained and maintained by the Strata Corporation under Sections 5.01, 5.02 or 5.09 or by the Landlord under Section 5.12 and in default of payment the Landlord may pay the same and the Strata Corporation shall reimburse the Landlord for the amount so paid by the Landlord within thirty (30) days after receipt of an invoice therefor from the Landlord and in default whereof the Tenant's share of the amount so paid (which share shall be determined as hereinafter set forth) may be recovered by the Landlord as Rent with all rights of distress and otherwise as reserved to the Landlord in respect of and as rent in arrears. In apportioning the cost of such insurance, such cost shall be borne by the Tenant in the proportion that the Unit Entitlement of the Tenant's Strata Lot bears to the aggregate Unit Entitlement of all of the Strata Lots from time to time or as may otherwise be set forth in the Bylaws.

Section 5.11 Copies of Insurance Policies

If requested by the Landlord the Strata Corporation shall forthwith from time to time deliver or cause to be delivered to the Landlord certified copies of all policies of insurance referred to in this Article V and obtained and maintained by the Strata Corporation hereunder, accompanied by evidence satisfactory to the Landlord that the premiums thereon have been paid.

Section 5.12 Insurance may be maintained by Landlord

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

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

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

ARTICLE VIREPAIRSSection 6.01 Landlord not obliged to repair

The Landlord shall not be obliged to furnish any services or facilities or to make repairs or alterations in or to the Lands or the Buildings, the Tenant and the Strata Corporation hereby assuming the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Lands and the Buildings.

Section 6.02 Repairs

(a) The Tenant at the Tenant's cost and expense shall during the Term, put and keep the Strata Lot, including windows and doors and areas allocated to its exclusive use, in good order and condition or shall cause them to be put and kept in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearances of the Buildings or the foundation or structure of the Buildings).

(b) The Strata Corporation at no cost to the Landlord shall during the Term maintain and repair the exterior of the Buildings (excluding windows, doors, balconies and patios included in a Strata Lot) including the decorating of the whole of the exterior of the Buildings and shall maintain and repair (including renewal where reasonably necessary) pipes, wires, cables, chutes and ducts for the time being existing in the Lands or Buildings and capable of being used in connection with the enjoyment of more than one Strata Lot or Common Property and shall maintain all common areas both internal and external, including lawns, gardens, parking and storage areas, public halls and lobbies and shall keep in a state of good and serviceable repair and properly maintain the fixtures and fittings including all elevators, swimming pools and recreational facilities, and other apparatus and equipment used in connection with the Common Property, Common Facilities or other assets of the Strata Corporation (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the Buildings or the foundation or structure of the Buildings).

(c) The Tenant and the Strata Corporation shall in the same manner and to the same extent as prudent owners make such repairs so that the Buildings and all appurtenances and equipment and fixtures thereto as aforesaid shall be fully usable for all of the purposes for which the same were erected and constructed and such repairs shall be in all respects to a standard at least substantially equal in quality of material and workmanship to the original work and material in the Buildings and shall meet the applicable requirements of municipal, provincial, federal, regional, school and other governmental authorities.



(d) The Strata Corporation and the Tenant shall not commit or suffer waste or injury to the 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 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 Tenant and the Strata Corporation shall not injure or disfigure the 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 Tenant shall, except as otherwise expressly provided herein, surrender and deliver up the Strata Lot in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the Buildings or the foundation or structure of the Buildings). The Tenant accepts the Strata Lot "as is", knowing the condition thereof, and agreeing that the Landlord has made no representation, warranty or agreement with respect thereto.

Section 6.03 Repairs made by Landlord

(a) If the Tenant is in breach of the provisions of Section 6.02(a), the Landlord through its agents, servants, contractors and sub-contractors although not obliged to do so, may enter upon the Strata Lot and those part of the Lands and the Buildings required for the purpose of making the necessary repairs required to remedy the breach.

(b) If the Strata Corporation is in breach of the provisions of Section 6.02(b), the Landlord through its agents, servants, contractors and sub-contractors although not obliged to do so, may enter upon those parts of the Lands and the Buildings required for the purpose of making the necessary repairs required to remedy the breach.

(c) The Landlord covenants and agrees with the Tenant and the Strata Corporation to make such repairs only after giving the Tenant or the Strata Corporation, as the case may be, sixty (60) days' written notice of its intention so to do, except in the case of an emergency in which event no notice shall be required. Any amount paid by the Landlord in making such repairs together with all costs and expenses of the Landlord shall be reimbursed to the Landlord, in the case of repairs necessitated by a breach of Section 6.02(a) by the Tenant and in the case of a breach by the Strata Corporation of the provisions of Section 6.02(b) by the Strata Corporation on demand together with interest at the rate of five (5%) per cent per annum above the Prime Rate from the date incurred until paid and may be recovered by the Landlord in the case of repairs necessitated by a breach of Section 6.02(a) from the Tenant as Rent and in the case of a breach of the provisions of Section 6.02(b) in default or reimbursement by the

Strata Corporation of the Landlord, the Tenant's share of the amount so paid (which share shall be determined as hereinafter set forth) may be recovered by the Landlord from the Tenant as Rent. In apportioning any amount to which the Landlord is entitled to reimbursement under this Section 6.03(c) such amount shall be borne by the Tenant in the proportion that the Unit Entitlement of the Tenant's Strata Lot bears to the aggregate Unit Entitlement of all of the Strata Lots from time to time or as may otherwise be set forth in the Bylaws.

Section 6.04 Tenant not relieved of obligations to repair

Notwithstanding that the Strata Corporation assumes any of the obligations of the Tenant referred to in this Article VI by reason of any statutory requirement or with the consent of the Landlord, the Tenant shall nevertheless remain bound to the Landlord for the fulfilment of all of its obligations under this Article VI.

ARTICLE VIIDESTRUCTION OR DEEMED DESTRUCTION OF THE BUILDINGSSection 7.01 Condominium Act provisions

It is hereby acknowledged and agreed by and between the parties hereto that Part 1 of the Condominium Act contains special provisions concerning insurance in Sections 54, 55 and 56, concerning disposition on destruction of buildings in Section 64 and concerning deemed destruction of the buildings in Section 65 and the same by Section 93 of the Condominium Act are applicable to Leasehold Strata Plans with the necessary changes and so far as are applicable to Part 3 of the Condominium Act and Sections 107, 108 and 109 contain further provisions in this regard and the parties hereto shall be entitled to exercise such rights and with such consequences as are therein set forth and in the event that there shall be any conflict or inconsistency between the rights and obligations of the parties herein contained and the said provisions of the Condominium Act, the said provisions of the Condominium Act shall prevail; PROVIDED HOWEVER that if any of the said provisions of the Condominium Act are amended so as to make them no longer applicable to this lease, then on the date on which such amendment shall come into force, the provisions of Schedule "1" attached hereto shall apply mutatis mutandis to this lease and be binding on the parties to the extent that the said provisions of the Condominium Act are no longer applicable hereto.

Section 7.02 Strata Corporation's Obligations

The Strata Corporation covenants and agrees with the Landlord that if the Strata Corporation resolves not to rebuild the Buildings or the Owners resolve that the Buildings should be deemed to be destroyed, the Strata Corporation shall forthwith give written notice of any such resolution to the Landlord. Within thirty (30) days of the receipt of such notice, the Landlord may require the Strata Corporation, by notice in writing, to remove the Buildings from the Lands, in which event the Strata Corporation shall forthwith demolish the Buildings and clear the Lands of all resulting debris, at no expense to the Landlord.

ARTICLE VIIICHANGES, ALTERATIONS AND ADDITIONSSection 8.01

The Tenant or the Strata Corporation shall have the right at any time during the Term to make at its own expense such changes, alterations and additions to the interior to the Strata Lot or the Buildings provided that there is no decrease in the value resulting therefrom. The Tenant or the Strata Corporation shall not make or permit to be made any changes, alterations or additions affecting the structure of the Buildings or the exterior appearance of the Buildings without the written approval of the Landlord thereto which approval the Landlord will not withhold unreasonably. No such changes, alterations, replacements, substitutions or additions shall be undertaken until the Tenant or the Strata Corporation shall have submitted or caused to be submitted to the Landlord 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 Landlord which approval the Landlord will not withhold unreasonably.

The Tenant and the Strata Corporation covenant and agree with the Landlord that, subject to Article IX, all changes, alterations and additions undertaken by or for the Tenant or the Strata Corporation once begun shall be prosecuted with due diligence to completion, free and clear of all builders' liens. All such changes, alterations and additions shall meet the requirements of all municipal, provincial, federal and other governmental authorities.