

ARTICLE IX

914

UNAVOIDABLE DELAYS

Section 9.01

If, by reason of strike, lock-out or other labour dispute, material or labour shortage not within the control of the LESSEE or the STRATA CORPORATION, fire or explosion, flood, wind, water, earthquake, act of God or other similar circumstances beyond the reasonable control of the LESSEE or the STRATA CORPORATION and not avoidable by the exercise of reasonable effort or foresight by the LESSEE or the STRATA CORPORATION, the LESSEE or the STRATA CORPORATION is, in good faith and without default or neglect on its part, prevented or delayed in the repair of the STRATA LOT or the BUILDINGS or any part or parts of them which under the terms of this lease the LESSEE or the STRATA CORPORATION respectively is required to do by a specified date or within a specified time, the date or period of time within which the work was to have been completed shall be extended by the LESSOR by a reasonable period of time at least equal to that of such delay or prevention and the LESSEE or the STRATA CORPORATION shall not be deemed to be in default if it performs and completes the work in the manner required by the terms of this lease within such extended period of time, or within such further extended period of time as may be agreed upon from time to time between the LESSOR and the LESSEE or the STRATA CORPORATION as the case may be. If the LESSOR and the LESSEE or the STRATA CORPORATION as the case may be 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 19.01.

ARTICLE X

MECHANICS' LIENS

Section 10.01

- (a) The LESSEE shall, throughout the TERM at its own cost and expense, cause any and all mechanics' liens and other liens for labour, services or materials alleged to have been furnished with respect to the STRATA LOT, the SAID LANDS or the BUILDINGS, which may be registered against the STRATA LOT, to be paid, satisfied, released or vacated within forty-two (42) days after the LESSOR shall send to the LESSEE written notice by registered mail of any claim for any such lien; PROVIDED HOWEVER, that in the event of a bona fide dispute by the LESSEE of the validity or correctness of any claim for any such lien, the LESSEE shall not be bound by the foregoing but shall be entitled to defend against the same in any proceedings brought in respect thereof after first paying into Court the amount claimed or sufficient security therefor and such costs as the Court may direct and registering all such documents as may be necessary to cancel such lien, or providing such other security in respect of such claim as the LESSOR may in writing approve.
- (b) The STRATA CORPORATION shall, throughout the TERM at its own cost and expense, cause any and all mechanics' liens and other liens for labour, services or materials alleged to have been furnished with respect to the COMMON FACILITIES, COMMON PROPERTY, the SAID LANDS or the BUILDINGS, which may be registered against the COMMON FACILITIES, COMMON PROPERTY, the SAID LANDS or the BUILDINGS and are not the responsibility of the LESSEE under section 10.01(a), to be paid, satisfied, released or vacated within forty-two (42) days after the LESSOR shall send to the STRATA CORPORATION 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 STRATA CORPORATION of the validity or correctness of any claim for any such lien, the STRATA CORPORATION 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

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 XI

INSPECTION AND EXHIBITION BY LESSOR

Section 11.01 Inspection by LESSOR

The LESSEE and the STRATA CORPORATION agree with the LESSOR that it shall be lawful for a representative of the LESSOR at all reasonable times during the TERM to enter the STRATA LOT and 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 6.02 which upon such views shall be found, and for the amendment of which notice shall be delivered or given by the LESSOR to the LESSEE or the STRATA CORPORATION, the LESSEE or the STRATA CORPORATION as the case may be shall within sixty (60) days after every such notice or such longer period as provided in section 17.01(b) well and sufficiently repair and make good accordingly.

Section 11.02 Exhibition by LESSOR

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

ARTICLE XII

914

OBSERVANCE OF GOVERNMENTAL  
REGULATIONS ETC.

Section 12.01

The LESSEE and the STRATA CORPORATION covenant with the LESSOR that throughout the TERM the LESSEE and the STRATA CORPORATION respectively 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 equipment, maintenance, operation and use of the STRATA LOT and BUILDINGS respectively and to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the STRATA LOT or the BUILDINGS or any part thereof respectively. The LESSEE and the STRATA CORPORATION covenant 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 STRATA LOT or the BUILDINGS.

ARTICLE XIII

RIGHTS OF LESSOR AND LESSEE

Section 13.01

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

ARTICLE XIV

914

INDEMNITY

Section 14.01 Breach, Violation or Non-performance  
of covenants by LESSEE

(a) The LESSEE shall indemnify and save harmless the LESSOR from any and all manner of actions, causes of actions, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of any breach, violation or non-performance of any covenant, condition or agreement in this lease set forth and contained on the part of the LESSEE to be fulfilled, kept, observed or performed;

(b) The STRATA CORPORATION shall indemnify and save harmless the LESSOR from any and all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of any breach, violation or non-performance of any covenant, condition or agreement in this lease set forth and contained on the part of the STRATA CORPORATION to be fulfilled, kept, observed or performed.

Section 14.02 Injury, damage or loss of property

(a) Notwithstanding the provisions of section 5.06 hereof, the LESSEE and the STRATA CORPORATION shall indemnify and save harmless the LESSOR from any and all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of:

(i) any injury to person or persons, including death resulting at any time therefrom, occurring in the STRATA LOT; and

(ii) any damage to or loss of property occasioned by the use and occupation of the STRATA LOT.

(b) Notwithstanding the provisions of section 5.06 hereof, the STRATA CORPORATION shall indemnify and save harmless the LESSOR from any and all manner of actions, causes of action, suits, damages, loss, costs, claims and demands of any nature whatsoever relating to and arising during the TERM out of:

(i) any injury to person or persons, including death resulting at any time therefrom occurring in or about the SAID LANDS or the BUILDINGS except that part thereof comprised in the STRATA LOT,

(ii) any damage to or loss of property occasioned by the use and occupation of the SAID LANDS or the BUILDINGS except that part thereof comprised in the STRATA LOT,

Provided however that, except as otherwise required of the LESSEE under section 5.06, nothing contained herein shall require the LESSEE or the STRATA CORPORATION 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 14.03 Indemnification survives  
termination of lease

The obligations of the LESSEE or the STRATA CORPORATION (as the case may be) to indemnify the LESSOR under the provisions of section 3.01, 3.04, 3.05, 5.06, 14.01 and 14.02 hereof with respect to liability by reason of any matter arising during the TERM shall survive any termination of this lease, anything in this lease to the contrary notwithstanding but subject always to section 26.06.



ARTICLE XV

SUBLETTING AND ASSIGNING

Section 15.01 Subletting by LESSEE

(a) After the payment of all RENT in full (in accordance with section 2.01) whether or not all of the BUILDINGS have been completed (in accordance with sections 5.01 and 5.02 of the GROUND LEASE) the LESSEE may at any time and from time to time thereafter sublease without the consent of the LESSOR those STRATA LOTS that have been substantially completed (in accordance with sections 5.01 and 5.02 of the GROUND LEASE) and with respect to which the City of Vancouver has issued an occupancy permit.

(b) If requested by the LESSOR, a copy of any or all subleases shall be forwarded to the LESSOR within thirty (30) days of the conclusion of each transaction together with particulars of registration (if any) in the Vancouver Land Titles Office.

Section 15.02 Assignment by LESSEE

After the payment of all RENT in full (in accordance with section 2.01) whether or not all of the BUILDINGS have been substantially completed (in accordance with sections 5.01 and 5.02 of the GROUND LEASE), the LESSEE may at any time and from time to time during the TERM, assign, transfer or convey the STRATA LOT without the consent of the LESSOR; provided however that such assignment, transfer or conveyance by the LESSEE of its leasehold interest in a STRATA LOT (other than by way of MORTGAGE) shall be subject to the following conditions:

(a) the assignment, transfer or conveyance shall be in the form attached hereto as Schedule "B" which forms a part of this lease with such additions, deletions or amendments thereof 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 Titles Office;

(b) the STRATA LOT has been substantially completed (in accordance with sections 5.01 and 5.02 of the GROUND

LEASE) and the City of Vancouver has issued an occupancy certificate in respect thereof;

- (c) all ADDITIONAL RENT and taxes required to be paid hereunder have been paid in full in accordance with this lease;
- (d) 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 Titles Office.

Section 15.03 Assignment or subletting by way of MORTGAGE

Nothing herein contained shall be construed to prevent or prohibit the assignment or subletting by the LESSEE of the STRATA LOT by way of MORTGAGE, provided, however, that in the event of and notwithstanding any such assignment or subletting the LESSEE shall be and remain liable for the payment of all RENT and taxes and the performance of all the terms, covenants and conditions of this lease. Subject to the provisions of section 17.02 every MORTGAGE shall be made expressly subject to the rights of the LESSOR under this lease. If requested by the LESSOR, a copy of any or all MORTGAGES shall be furnished to the LESSOR together with particulars of registration in the Vancouver Land Titles Office within thirty (30) days of such request.

ARTICLE XVI

NEW HOME WARRANTY PROGRAM OF BRITISH COLUMBIA

Section 16.01

Onavert Enterprises Corp., (the LESSEE named herein) and its successors 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 Onavert Enterprises Corp. or its successors commences to construct in accordance with section 5.01 of the GROUND 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 Onavert Enterprises Corp., or its successors 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, Onavert Enterprises Corp. and its successors 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.

ARTICLE XVII

DEFAULT

Section 17.01 Procedure in the event of default

(a) Subject to the provisions of section 17.02, if

(i) the LESSEE shall default in payment of RENT or taxes (except taxes, if any, payable under section 3.01) 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 LESSEE; or

(ii) the LESSEE shall default in performing or observing any of its covenants or obligations under this lease (other than those referred to in section 17.01(a)(i) or if the STRATA CORPORATION shall default in performing or observing any of its covenants or obligations under this lease (other than those referred to in section 17.01(b)) and the LESSOR shall have given to the LESSEE 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 LESSEE fails to proceed promptly after the giving of such notice to cure such default;

the LESSOR may unless the LESSEE voluntarily surrenders the STRATA LOT to the LESSOR, apply to the Supreme Court of British Columbia for an Order for sale as provided in section 94 of Part 3 of the CONDOMINIUM ACT.

(b) If the STRATA CORPORATION shall default in performing or observing any of its covenants or obligations under this lease as the same relate to the COMMON PROPERTY or the COMMON FACILITIES and the LESSOR shall have given to the LESSEE and the STRATA CORPORATION and to each MORTGAGEE who has filed with the LESSOR notice of its MORTGAGE specifying an address for notices hereunder, notice specifying such default 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 STRATA CORPORATION fails to proceed promptly after the giving of such notice to cure such default, the LESSOR may:-

- (i) cure the specified default, although not obliged to do so, and any amount paid by the LESSOR in curing such default, together with all costs and expenses of the LESSOR shall be reimbursed to the LESSOR by the STRATA CORPORATION; in default of reimbursement by the STRATA CORPORATION the LESSEE's share of the amount so paid and the said costs and expenses of the LESSOR (which share shall be determined as hereafter set forth) may be recovered by the LESSOR from the LESSEE as RENT. In apportioning any amount to which the LESSOR is entitled to reimbursement by the STRATA CORPORATION such amount shall be borne by the LESSEE in the proportion that the UNIT ENTITLEMENT of the LESSEE's STRATA LOT bears to the aggregate UNIT ENTITLEMENT of all of the STRATA LOTS from time to time; or
- (ii) bring an action against the STRATA CORPORATION to remedy the specified default or recover the amount so paid by the LESSOR in curing the default and all costs and expenses of the LESSOR.

Section 17.02 Notice to and remedies of MORTGAGEE

- (a) No order for the sale of the LESSEE's interest in the STRATA LOT or the lease or re-entry by the LESSOR or a judgment against the STRATA CORPORATION arising out of an action brought by the LESSOR under section 17.01(b) 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 make application for such order for sale or to re-enter or to bring an action against the STRATA CORPORATION as aforesaid,

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 STRATA LOT 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 the LESSEE's 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 17.02(b) shall apply.

- (b) In the event the MORTGAGEE commences foreclosure proceedings against the LESSEE, whether or not the LESSEE or the STRATA CORPORATION is in default of the performance of its covenants and agreements with the LESSOR under this lease at the time such foreclosure proceedings are commenced, the LESSOR shall not make application for an order for the sale of the LESSEE's interest in the STRATA LOT or this lease or re-enter, after the commencement of foreclosure proceedings on the ground of any default entitling the LESSOR to such order for sale or to re-enter 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 LESSEE's covenants and agreements under this lease and without undue delay diligently prosecute to a conclusion the foreclosure proceedings commenced by the MORTGAGEE.

In the event that the MORTGAGEE acquires title to the LESSEE's interest in the STRATA LOT pursuant to the foreclosure proceedings, it shall thereupon become subrogated to the rights of the LESSEE under this lease provided it attorns to the LESSOR as tenant and undertakes to be bound by and perform the covenants and agreements of this lease. PROVIDED HOWEVER that in the event the MORTGAGEE consists of more than one mortgagee and more than one of them commences foreclosure proceedings, the right to cure any default granted by this section 17.02(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) Any re-entry, termination or forfeiture of this lease made in accordance with the provisions of this lease as against the LESSEE shall be valid and effectual against the LESSEE even though made subject to the rights of any MORTGAGEE to cure any default of the LESSEE or the STRATA CORPORATION and to continue as tenant under this lease.

(d) No entry upon the STRATA LOT by the MORTGAGEE pursuant to this section 17.02 for the purpose of curing any default or defaults of the LESSEE or the STRATA CORPORATION shall release or impair the continuing obligations of the LESSEE.

Section 17.03 Default in Payment of Taxes (if any)  
payable by section 3.01

The provisions of section 17.01 shall not apply to a default by the LESSEE in payment of taxes payable by section 3.01 while the City of Vancouver shall be the LESSOR and the City of Vancouver as LESSOR shall be limited in its rights of recovery of taxes to such statutory right as it now has or may hereafter be conferred upon it with respect to interests in the STRATA LOT to sell the interest in land of the LESSEE hereunder for non-payment of taxes and in its right to recover penalties and interest on taxes in accordance with its statutory rights hereafter conferred upon it. The LESSOR agrees to delivery to any MORTGAGEE who has filed with the LESSOR notice of its MORTGAGE such notices as may be hereafter prescribed by statute to be given by the City of Vancouver to the person or persons primarily liable therefor.

Section 17.04 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 the LESSEE of any of the covenants or agreements hereof.

Section 17.05 Waiver by LESSOR

The failure of the LESSOR to insist upon the strict performance of any covenant or agreement of this lease shall



not waive such covenant or agreement, and the waiver by the LESSOR of any breach of any covenant or agreement of this lease shall not waive such covenant or agreement in respect of any other breach. The receipt and acceptance by the LESSOR of rent or other monies due hereunder with knowledge of any breach of any covenant or agreement by the LESSEE shall not waive such breach. No waiver by the LESSOR shall be effective unless made in writing.

ARTICLE XVIII

COVENANT AS LESSOR

Section 18.01 Covenant respecting authority to lease

The LESSOR covenants with the LESSEE 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 STRATA LOT to the LESSEE in the manner and according to the true intent of this lease.

Section 18.02 Consent under Residential Tenancy Act

For the purposes of Section 8(11) of the Residential Tenancy Act, the LESSOR in its capacity as a municipality consents to this lease.

ARTICLE XIX

ARBITRATION

Section 19.01

If the LESSOR and the LESSEE do not agree as to any of the matters which, if no agreement is reached upon them, are by the provisions hereof to be determined by arbitration, any such disagreement shall be referred to three arbitrators, one of whom shall be chosen by the LESSOR, one by the LESSEE, and the third by the two so chosen and the third arbitrator so chosen shall be the chairman. 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 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 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 XX

CERTAIN COVENANTS AND AGREEMENTS

Section 20.61 Conduct on demised premises

The LESSEE and the STRATA CORPORATION and each of them covenant and agree with the LESSOR that they will not carry on nor do, nor allow to be carried on or done upon the STRATA LOT (as to the LESSEE) or the SAID LANDS or in the BUILDINGS except that part thereof comprised in the STRATA LOT (as to the STRATA CORPORATION) any work, business or occupation which constitutes a nuisance or is contrary to any law or to any by-law of the City of Vancouver for the time being in force.

Section 20.62 Overholding

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

ARTICLE XXI

914

SURRENDER OF LEASE

Section 11.61

At the expiration or other sooner determination of the TERM unless this lease is renewed as provided in ARTICLE XXIII the LESSEE shall peaceably surrender and yield up unto the LESSOR the STRATA LOT (including the interest of the LESSEE in any COMMON FACILITY) in the condition in which it is required to be kept by the LESSEE under the provisions of this lease, except as herein otherwise expressly provided.

ARTICLE VIII  
QUIET ENJOYMENT AND OBTAINMENT  
OF TENANT'S FIXTURES

SECTION 22.01 Covenants for Quiet Enjoyment

If the LESSOR pays the rent hereby reserved and the other charges, and the LESSEE and the STRATA CORPORATION perform the covenants hereinbefore on their parts respectively herein contained, the LESSOR shall and may peaceably enjoy and possess the STRATA LOT for the TERM without any interruption or disturbance whatsoever from the LESSOR or any other person, firm or corporation lawfully claiming from or under the LESSOR, provided however that nothing in this section shall limit the rights of inspection conferred to the STRATA CORPORATION and to joint notices, pursuant to section 11.02.

SECTION 22.02 OBTAINMENT OF TENANT'S FIXTURES

At the expiry or earlier termination of the TERM or any removal of it, the LESSOR and the STRATA CORPORATION shall return their fixtures and the fixtures thereof or under them. The LESSOR and the STRATA CORPORATION shall be liable for any damage to the BUILDINGS caused by any removal of tenant's fixtures.

ARTICLE XXVII

914

RENEWAL OF LEASE

Section 23.01

(a) Special provisions concerning the renewal of this lease by the LESSOR are contained in Sections 160, 161 and 162 of the CONDOMINIUM ACT and except as otherwise provided in section 23.01(b) the provisions of sections 160, 161 and 162 apply to this lease; the parties hereto agree to conform with and be bound by the said provisions so far as they relate to this lease.

(b) Any renewal of this lease shall be on the same terms and conditions as are herein contained, mutatis mutandis, except that the renewal term shall be five (5) years unless the LESSOR elects to renew for a longer period and the rent shall be determined as follows, that is to say,

(i) the rent payable by the LESSEE during such renewal term shall be such annual sum as may be agreed upon in writing by and between the LESSOR and the LESSEE; provided however that if the LESSOR and the LESSEE do not agree in writing upon the rent for any renewal term at least six (6) months prior to the end of the renewal term or six (6) months prior to the end of the term immediately preceding the renewal term the rent for which has yet to be determined, shall be that share of the current market rental value of the SAID LANDS apportioned to the STRATA LOT in accordance with the schedule filed under section 4(g) of the CONDOMINIUM ACT at the date which shall be six (6) months prior to the end of the renewal term or six (6) months prior to the end of the renewal term immediately preceding the renewal term the rent for which has yet to be determined and such market rental value shall be determined by arbitration. The arbitrators shall within the said six (6) months period appraise and determine the market rental value of the aforesaid part of the SAID LANDS. If the arbitrators shall not have determined such current market rental value within the said six (6) months period, the LESSEE shall pay to the LESSOR

during the renewal term pending such determination of rent as provided in section 23.01 (b) (ii). The LESSEE covenants and agrees to pay the annual rent as so determined for each renewal term in twelve (12) monthly instalments in advance, on the first day of each month in each year during each renewal term, provided however, that should the date upon which such rent first begins to accrue be a date other than the first day of a month, such rent shall be apportioned accordingly as to the first and last months of the renewal term. In determining the current market rental value of the aforesaid part of the SAID LANDS pursuant to this section 23.01(b), the arbitrators shall exclude from such determination the value of the BUILDINGS in and upon the SAID LANDS (as if the same were unimproved).

(ii) If the annual rent at any time payable under any renewal of this lease is subject to a revision which is dependent upon a determination to be made pursuant to the provisions of this section 23.01(b) but which has not then been made, and if consequently, the amount of the revision of the rent cannot be ascertained within the time limited herein, the LESSOR shall deliver to the LESSEE a written estimate of the monthly rent of the STRATA LOT, reasonably arrived at by the LESSOR, to be paid by the LESSOR during the renewal term immediately following the end of the TERM and the LESSEE shall, pending the making of the computation pay the estimated monthly rent and thereafter if the rent cannot be ascertained within the time limited by the LESSEE during the renewal term immediately the computation pay monthly instalments calculated at one-twelfth (1/12) of the annual rent payable in the last year of any subsequent renewal of the TERM, and when the revised annual rent has been ascertained, the LESSEE shall pay to the LESSOR the amount, if any, by which the monthly instalments of the revised annual rent payable prior to the date thereof exceeds the amount actually paid between the termination of this lease or any subsequent renewal thereof, as the case may be, and the final determination of the revised annual rent, together with interest at three per cent (3%) per



annum above the average prime lending rate of all main branches of the chartered banks of Canada carrying on business in the City of Vancouver on such excess amount or the LESSOR shall credit the LESSEE against future instalments of annual rent with any overpayment, together with interest at the rate of three per cent (3) per annum above the average prime lending rate of the main branches of the chartered banks of Canada carrying on business in the City of Vancouver on such overpayment.

- (c) When the rent has been determined (by agreement or arbitration) for any renewal of this lease under section 23.01(b) the LESSOR shall prepare, execute and deliver to the LESSEE not less than three (3) copies of the renewal of this lease in a form acceptable for registration in the Vancouver Land Titles Office and the LESSEE shall execute the renewal lease, attend to the registration thereof and deliver an executed copy of the same to the LESSOR. All fees for the registration of the renewal of this lease in the Vancouver Land Titles Office shall be borne by the LESSEE.

ARTICLE XXIV

PURCHASE OF LESSEE'S INTEREST  
IN STRATA LOT

Section 24.01

(a) Special provisions concerning the purchase of the LESSEE'S interest in the STRATA LOT by the LESSOR are contained in sections 97 and 100(4) of the CONDOMINIUM ACT and except as otherwise provided in section 24.01(b) the provisions of sections 97 and 100(4) apply to this lease; the parties hereto agree to conform with and be bound by the said provisions so far as they relate to this lease.

(b) Upon the TERMINATION of this lease, the LESSOR shall purchase the LESSEE'S interest in the STRATA LOT. The purchase price of the LESSEE'S interest in the STRATA LOT shall be its fair market value as agreed between the LESSOR and the LESSEE. If the LESSOR and the LESSEE cannot agree upon the purchase price of the LESSEE'S interest in the STRATA LOT within 60 days (or such extended period as the parties may mutually agree upon) following the TERMINATION of this lease as aforesaid then the purchase price shall be the fair market value of the LESSEE'S interest in the STRATA LOT as determined by arbitration. For the purposes of ascertaining such fair market value and in furtherance to the provisions of the CONDOMINIUM ACT the LESSEE'S interest in the STRATA LOT shall be determined:

- (i) as if this lease did not TERMINATE,
- (ii) on the basis that the STRATA LOT is free of all liens, charges and encumbrances,
- (iii) on the basis that the SAID LANDS may be used only for the purposes set forth in this lease, and the purchase price shall be calculated as of the date of TERMINATION of this lease.

(c) The purchase price of the LESSEE'S interest in the STRATA LOT shall be paid less any amounts owing to the LESSOR by the LESSEE and any amounts paid by the LESSOR to satisfy any MORTGAGE, encumbrance, lien, judgment, taxes or other charges registered in the Vancouver Land

Titles Office against this lease and any other normal adjustments not later than fifteen (15) days after the purchase price shall have been determined pursuant to this ARTICLE XXIV (either by agreement or arbitration) and in exchange for which the LESSEE shall deliver without cost to the LESSOR a deed of surrender and conveyance of the LESSEE'S interest in the STRATA LOT in form acceptable to the LESSOR and such as to effectively surrender and convey to the LESSOR all of the interest, right and title of the LESSEE in the STRATA LOT together with vacant possession of the STRATA LOT.

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

ARTICLE XXV

NOTICE

Section 25.01

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

City Clerk,  
City Hall,  
453 West 12th Avenue,  
Vancouver, British Columbia  
V7Y 1N4

and to:

Director of Legal Services,  
Law Department,  
City Hall,  
453 West 12th Avenue,  
Vancouver, British Columbia,  
V7Y 1V7

and in the case of the LESSEE addressed to:

Travert Enterprises Corp.,  
2100 - 700 West Georgia Street,  
Vancouver, British Columbia, V7Y 1A8

and in the case of the GUARANTOR addressed to:

Community Builders Ltd.,  
2100 - 700 West Georgia Street,  
Vancouver, British Columbia, V7Y 1A8

and in the case of the STRATA CORPORATION addressed to:

and to such other addresses as the parties may from time to time advise by notice in writing. MORTGAGEES hereof shall supply their respective notices addressed to the LESSOR, the LESSEE, the LESSEE'S GUARANTOR, the GUARANTOR and the MORTGAGEES of the LESSEE. The date of receipt of any such notice, demand or request shall be deemed to be the date of such delivery if such notice, demand or request is served personally, or if

notice 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 XXV

INTERPRETATION

Section 26.01 Conflict between Provisions of Model  
STRATA LOT Lease and CONDOMINIUM ACT

In the event that the terms of this model STRATA LOT lease or the duties, rights and obligations of the LESSOR, the LESSEE or the STRATA CORPORATION under the terms of this model STRATA LOT lease conflict or are inconsistent with the provisions of the CONDOMINIUM ACT applicable to leasehold STRATA LOTS, the provisions of the CONDOMINIUM ACT shall prevail.

Section 26.02 Statements of Good Standing

The LESSOR, the LESSEE and the STRATA CORPORATION agree that at any time and from time to time upon not less than thirty (30) days' prior request, 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 is 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 26.03 Term of The Lease

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

Section 26.04 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, the LESSEE, and the STRATA CORPORATION, or by the successors or assigns of the LESSOR and the successors or permitted assigns of the LESSEE.

Section 26.05 Execution of Model STRATA LOT Lease by STRATA CORPORATION

(a) If the STRATA CORPORATION fails to execute this lease and deliver the same to the LESSOR together with a resolution of the STRATA CORPORATION authorizing the execution of this lease in accordance with section 27.04 of the MODEL LEASE, then the LESSEE shall observe and perform all of those covenants, conditions and agreements which the STRATA CORPORATION would have been bound to observe and perform by the terms of this lease had it executed and delivered the same as aforesaid.

(b) If at any time during the TERM the STRATA CORPORATION does not have the right, power and authority to observe or perform any of the covenants, conditions and agreements which the STRATA CORPORATION is bound to observe and perform by the terms of this lease, then the LESSEE shall observe and perform all of those covenants, conditions and agreements which the STRATA CORPORATION would have been obligated to observe and perform, had the STRATA CORPORATION such right, power and authority.

Warrant Not to Be Bound from Liability

The LESSEE covenants and agrees with the LESSOR and the GUARANTOR, each of them that Gravest Enterprises Corp., the LESSEE hereunder, but not including its successor or assigns or any licensee, sublessee or tenant of the said named LESSEE or any other party claiming under the said named LESSEE, (including without limitation the neutrality of the foregoing any party to whom the LESSEE assigns, transfers or conveys a STRATA LOT under section 26.02 of this lease) and the GUARANTOR and each of them shall be released and discharged from any and all of their respective liabilities and obligations under the covenants, terms and conditions in this Model STRATA LOT Lease in respect of each STRATA LOT on the date of the execution of this lease to be as the third date which is

all the time of the leasehold interest of the said named LESSEE in that STIMCO LOT is assigned to the first purchaser thereof, or

and the date of substantial completion of the BUILDINGS as certified by the ARCHITECT to the LESSOR.

Provided that the said named LESSEE shall have paid the BASIC RENT, ADDITIONAL RENT, taxes and any other monies required to be paid hereunder and observed and performed the covenants and agreements herein to be performed by the said named LESSEE up to and including the said date and the GUARANTOR shall have observed and performed the covenants and agreements contained in section 26.07 to be performed by the GUARANTOR up to and including the said date.

Section 26.07 Guaranties

(a) The GUARANTOR in consideration of the demise and lease of the STIMCO LOT to Chevrolet Enterprises Corp., the LESSEE and covenants hereinafter in this section 26.07 referred to as the "Company" made by the LESSOR at the GUARANTOR's request covenants and agrees with the LESSOR that the Company shall duly perform and observe every covenant, proviso, condition and agreement in this lease on the part of the Company to be performed and observed, including the payment of BASIC RENT, ADDITIONAL RENT, taxes and all other payments to be paid or payable under this lease on the days and at the times and in the manner herein specified, and that if any default be made by the Company, whether in payment of BASIC RENT, ADDITIONAL RENT, taxes or other sums from time to time falling due hereunder as and when they become due and payable or in the performance or observance of any of the covenants, provisions, conditions or agreements which under the terms of this lease are to be performed, or observed by the Company, the GUARANTOR shall forthwith pay to the LESSOR on demand such BASIC RENT, ADDITIONAL RENT, taxes and other amounts in respect of which such default shall have occurred and all losses, costs, expenses and damages sustained by the LESSOR in consequence of the non-performance or non-observance of any of the said covenants, provisions, conditions or agreements by the Company.

(b) The GUARANTOR covenants and agrees with the LESSOR that the GUARANTOR is bound with the Company for the fulfillment of all obligations of the Company under this lease. In the event of any default hereunder the LESSOR may proceed against the GUARANTOR as if the GUARANTOR was the Company.



The GUARANTOR waives any right to require the LESSOR to proceed against the Company or to proceed against or to exhaust any security held from the Company or to pursue any other remedy whatsoever which may be available to the LESSOR before proceeding against the GUARANTOR.

No assignment or subletting of this lease or any other dealings therewith by the Company, whether with or without the consent of the LESSOR shall affect the guarantee contained in this section 26.67.

No neglect or forbearance of the LESSOR in endeavouring to obtain payment of the BASIC RENT, ADDITIONAL RENT, taxes or other payments required to be made under this lease as and when they become due, or delay of the LESSOR in taking any steps to enforce performance or observance of any of the covenants, provisions, conditions or agreements contained in this lease to be performed or observed by the Company, no extension or extension of time which may be given by the LESSOR from time to time to the Company and no other act or failure to act by the LESSOR shall release the Company in any way reduce the effectiveness of the guarantee and any guarantee contained in this section 26.67.

In the event of termination of this lease, except by surrender accepted by the LESSOR, or in the event of the expiry of this lease pursuant to any statute, then at the option of the LESSOR the GUARANTOR shall execute a new lease of the premises herein demised between the LESSOR as lessor and the Company as the lessee, for a term equal in duration to the residue of the TERM remaining unexpired at the date of such termination or such disclaimer. Such lease shall contain the like LESSOR's and LESSEE's obligations and covenants and the like covenants, provisions, conditions and warranties in all respects (including the proviso for re-entry) as are contained in this lease.

Interpretation, Citations 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 be defined, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of this lease or intent of that lease, nor in any way affect this lease.

Section 16.05 BRUNDFALL

It is further agreed and declared by the LESSOR, the LESSEE, the STRATA CORPORATION and the GUARANTOR, that these presents shall extend to, be binding upon and enure to the benefit of the LESSOR, the LESSEE, the GUARANTOR and the STRATA CORPORATION and their respective administrators, successors and assigns and if there is more than one LESSEE and the word "LESSEE" shall be deemed to include each of such LESSEES (as the case may be) their several administrators, successors and assigns, severally as well as jointly.

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

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

\_\_\_\_\_  
Authorized Signatory

The Corporate Seal of COMMUNITY BUSINESS CO-OP. was hereunto affixed in the presence of:

\_\_\_\_\_  
The Corporate Seal of COMMUNITY BUSINESS CO-OP. was hereunto affixed in the presence of:

\_\_\_\_\_  
The Corporate Seal of THE STRATA CORPORATION was hereunto affixed in the presence of:

Approved by Vancouver City Council on April 27, 1970 as amended 10, 1970.

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.



B. The said lands have been subdivided into strata lots by the deposit of a leasehold strata plan in the Vancouver Land Registry Office in accordance with the provisions of the Condominium Act, R.S.B.C. 1979, Chapter 61, and the Land Titles Act, R.S.B.C. 1979, Chapter 219, in respect of the leasehold strata plan;

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

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

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

Lot \_\_\_\_\_  
Leasehold Strata Plan Vr \_\_\_\_\_  
together with an interest in the common property in proportion to the unit entitlement shown on Part 1 of the Leasehold Strata Plan

(hereinafter called the "strata lot")

for all the residue now unexpired of the said term of years subject to the rent hereinafter reserved and to the performance and observance of the covenants on the part of the lessee and the conditions contained in the lease so far as the same relate to the Strata Lot;

NOW THIS INSTRUMENT WITNESSETH as follows:

1. In consideration of the sum of \$            paid by the Purchaser to the Vendor (the receipt whereof is hereby by the Vendor acknowledged), the Vendor as beneficial owner hereby assigns to the Purchaser the Vendor's interest in the Strata Lot. TO HOLD unto the Purchaser for all the residue now unexpired of the term of the lease subject henceforth to the payment to the City of the rent and to the performance and observance of the covenants on the part of the lessee and the conditions contained in the lease so far as the same relate to the Strata Lot.
2. The Purchaser covenants with the Vendor and the City and each of them that the Purchaser shall during all the residue now unexpired of the term of the lease and every renewal thereof, observe and perform the covenants on the part of the Vendor, as lessee, and the conditions contained in the lease as fully and effectually as if the lease contained a separate demise of the Strata Lot.
3. The Purchaser covenants with the Vendor and the City and each of them to indemnify the Vendor and the City and each of them against all actions, suits, costs, expenses, charges, damages, losses, claims and demands for or on account of non-payment of the rent and the non-performance or non-observance of the said covenants and conditions contained in the lease so far as the same relate to the Strata Lot.
4. The Vendor covenants with the Purchaser that the lease so far as it relates to the Strata Lot is a valid and subsisting lease, that the covenants, provisos and conditions thereof on the part of the Vendor, as lessee, have been duly observed and performed up to the date hereof, that the Vendor is entitled to grant this assignment, that subject to the payment of the rent and the observance and performance of the covenants and conditions of the lease, the Purchaser may enjoy the Strata Lot for all the residue now unexpired of the term of the lease and any renewal thereof, without interruption by the Vendor or any person claiming through the Vendor and that the Vendor and the City shall at all

PROOF OF EXECUTION BY CORPORATION

I certify that on the 27 day of December, 1980,  
at the City of Vancouver in British Columbia,

John H. Staley Director of Legal Services  
of City of Vancouver, personally known to me, appeared before  
me and acknowledged to me that he is the authorized signatory  
of City of Vancouver and that he is the person who subscribed  
his name and affixed the seal of the corporation to the  
instrument, that he was authorized to subscribe his name  
and affix the seal to it.

In testimony of which I set my hand and seal of office  
at Vancouver this 27 day of December, 1980.

John H. Staley  
A Commissioner for Taking Affidavits for British Columbia

JOHN H. STALEY  
412 VANCOUVER STREET  
VANCOUVER, B.C.



PROOF OF EXECUTION BY CORPORATION

I certify that on the 30<sup>th</sup> day of December, 1980,  
at Vancouver British Columbia,

T. J. Louis McKim

who is personally known to me, appeared before me and  
acknowledged to me that he/she is the authorized signatory  
of ONAVERT ENTERPRISES CORP.  
and that he/she is the person who subscribed his/her name  
and affixed the seal of the corporation to the instrument,  
that he/she was authorized to subscribe his/her name and  
affix the seal to it, and that the corporation existed at  
the date the instrument was executed by the corporation.

In testimony of which I set my hand and seal of office  
at Vancouver, British Columbia  
this 30<sup>th</sup> day of December, 1980.

[Signature]  
A Commissioner for Taking Affidavits for British Columbia

FRANK LANDSKE

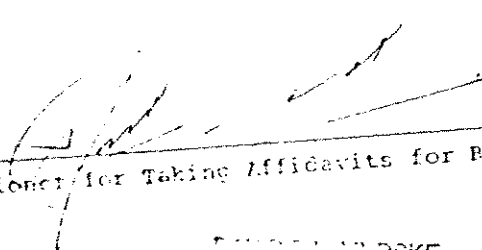
Vancouver, B.C.

PROOF OF EXECUTION BY CORPORATION

I certify that on the 30<sup>th</sup> day of November, 1980,  
at Vancouver, British Columbia,

1715-1012 Louis McKNIGHT  
who is personally known to me, appeared before me and  
acknowledged to me that he/she is the authorized signatory  
of COMMUNITY BUILDERS LTD....  
and that he/she is the person who subscribed his/her name  
and affixed the seal of the corporation to the instrument,  
that he/she was authorized to subscribe his/her name and  
affix the seal to it, and that the corporation existed at  
the date the instrument was executed by the corporation.

In testimony of which I set my hand and seal of office  
at Vancouver British Columbia  
this 30<sup>th</sup> day of November, 1980.

  
\_\_\_\_\_  
A. Commissioner for Taking Affidavits for British Columbia

FRANK W. DOCKE  
Notary Public  
Vancouver, B.C. V7Y 1A8