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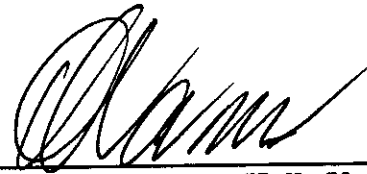
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Please receive herewith the following documents(s) for filing:

- 1. Model Strata Lot Lease



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Vancouver, B.C. V6J 4M6
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West Coast
Client # 10350



2/2

MODEL STRATA LOT LEASE

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA

AND:

BASTION CHANCELLOR HOMES LTD.

AND:

THE OWNERS, LEASEHOLD STRATA PLAN BCS2637

RE:

Parcel Identifier 025-713-698
Lot 44
District Lot 3044
Plan BCP6556

INDEX

ARTICLE	PAGE
ARTICLE 1 DEFINITIONS.....	3
ARTICLE 2 BASIC RENT AND ADDITIONAL RENT.....	8
ARTICLE 3 PAYMENT OF TAXES, SERVICES, LICENSES AND PENALTIES	9
ARTICLE 4 PAYMENT FOR UTILITY SERVICES.....	12
ARTICLE 5 CONSTRUCTION	13
ARTICLE 6 USE OF STRATA LOT.....	16
ARTICLE 7 INSURANCE	17
ARTICLE 8 REPAIRS AND MAINTENANCE.....	20
ARTICLE 9 CHANGES, ALTERATIONS AND SUBSTITUTIONS.....	22
ARTICLE 10 UNAVOIDABLE DELAYS.....	22
ARTICLE 11 BUILDERS' LIENS	23
ARTICLE 12 INSPECTION AND EXHIBITION BY LESSOR.....	24
ARTICLE 13 OBSERVANCE OF REGULATIONS	24
ARTICLE 14 RIGHTS OF LESSOR AND LESSEE	24
ARTICLE 15 INDEMNITY.....	25
ARTICLE 16 SUBLETTING AND ASSIGNING	26
ARTICLE 17 MORTGAGE	27
ARTICLE 18 BANKRUPTCY OF LESSEE.....	29
ARTICLE 19 DEFAULT BY LESSEE	32
ARTICLE 20 ARBITRATION	33
ARTICLE 21 ADDITIONAL COVENANTS AND AGREEMENTS OF LESSEE AND STRATA CORPORATION	33
ARTICLE 22 SURRENDER OF LEASE.....	34
ARTICLE 23 QUIET ENJOYMENT AND OWNERSHIP OF TENANTS' FIXTURES.....	34
ARTICLE 24 OVERHOLDING.....	35
ARTICLE 25 RENEWAL OF LEASE.....	35
ARTICLE 26 PURCHASE OF LESSEE'S INTEREST IN STRATA LOT BY THE LESSOR.....	36
ARTICLE 27 DESTRUCTION OR DEEMED DESTRUCTION OF THE BUILDINGS	37
ARTICLE 28 UNIVERSITY NEIGHBOURHOODS ASSOCIATION.....	38
ARTICLE 29 NOTICE	38
ARTICLE 30 MISCELLANEOUS.....	39

MODEL STRATA LOT LEASE

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA, a British Columbia university created pursuant to the *University Act*, and having an office at Room 107, Old Administration Building, 6328 Memorial Road, Vancouver, British Columbia, V6T 1Z2

(hereinafter called the "Lessor")

OF THE FIRST PART

AND:

BASTION CHANCELLOR HOMES LTD. (Inc. No. 688985) of #500 – 1681 Chestnut Street, Vancouver, B.C., V6J 4M6

(hereinafter called the "Lessee")

OF THE SECOND PART

AND:

THE OWNERS, LEASEHOLD STRATA PLAN BCS2637, c/o Bastion Chancellor Homes Ltd. of #500 – 1681 Chestnut Street, Vancouver, B.C., V6J 4M6

(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 on the part of the Lessee to be paid, observed and performed, the Lessor has demised and leased and by these presents does demise and lease unto the Lessee and the Lessee does hereby take and rent the Strata Lot upon and subject to the conditions hereinafter expressed.

TO HAVE AND TO HOLD the Strata Lot for and during the Term.

YIELDING AND PAYING to the Lessor in each and every of the years during the Term rent as hereinafter provided.

This Lease is made upon and subject to the following covenants and conditions which each of the Lessor and the Lessee and the Strata Corporation (hereinafter defined), respectively, agree to keep, observe and perform.

**ARTICLE 1
DEFINITIONS**

1.1 The terms defined in this Section 1.1, for all purposes of this Lease unless otherwise specifically provided herein, have the meanings hereinafter specified, as follows:

- (a) "Additional Rent" means the amounts, if any, payable by the Lessee pursuant to Sections 2.4, 3.1, 3.2, 3.3, 3.4, 3.6, 4.1, 5.3, 7.10, 7.12, 8.3, and 8.4 together with any other

additional amounts which are expressed to be added to and made part of Additional Rent, other than Basic Rent,

- (b) "Approval Process/Submission Requirements" means those approval process and submission requirements approved and adopted by The University of British Columbia, including, without limitation, those to be contained in the Development Handbook and all amendments thereto whether made before or after the date of this Lease,
- (c) "Architect" means such architect as the Lessee may appoint from time to time, who shall be a member in good standing of the Architectural Institute of British Columbia,
- (d) "Association" means the University Neighbourhoods Association described in Article 28,
- (e) "Basic Rent" as of any particular time means the net basic rental provided for in this Lease as specified in Section 2.1,
- (f) "Builders Lien Act" means the *Builder's Lien Act*, S.B.C. 1997, Ch. 45 and amendments thereto,
- (g) "Buildings" means all structures and buildings constructed upon the Lands or any part thereof, including, without limitation, hard landscaping, together with all replacements, alterations, additions, changes, substitutions, improvements or repairs thereto all common Property, all Common Facilities and all other improvements from time to time constructed upon or affixed or appurtenant to the Lands,
- (h) "Campus" means the lands and premises west of the Point Grey District of the City of Vancouver which comprise the campus of The University of British Columbia, but excluding any lands and Premises owned by The University of British Columbia which are situate within the UEL,
- (i) "CCP" means the comprehensive community plan dated for reference purposes October 26, 2000, incorporating amendments dated November 10, 2000 which was required to be prepared by the OCP and which CCP was approved by The University of British Columbia, and reviewed by the GVRD as to compliance with the OCP, and all amendments thereto whether made before or after the date of this Lease,
- (j) "Commencement of Construction" means that a building permit or permits have been issued to the Lessee by The University of British Columbia for the Buildings and the foundations and footings of the Buildings shall have been commenced as certified to the Lessor by the Architect,
- (k) "Common Facilities" shall have the same meaning as common facility is given under the *Strata Property Act*,
- (l) "Common Property" shall have the same meaning as such expression is given under the *Strata Property Act*,
- (m) "Design Guidelines" means those parts of the OCP, CCP, Neighbourhood Plan, Site Specific Development Controls and the Development Handbook which deal with design issues relating to the Lands and all amendments thereto whether made before or after the date of this Lease,
- (n) "Development Handbook" means The University of British Columbia Development Handbook which is in effect from time to time to manage non-institutional use and development of lands on the Campus and all amendments thereto whether made before or after the date of this Lease,

- (o) "Development Permit" means the development permit issued by The University of British Columbia to the Lessee as amended from time to time,
- (p) "Ground Lease" means that certain indenture of lease of the Lands dated for reference the 31st day of March, 2005 and made between The University of British Columbia, as Lessor and VANCOUVER SCHOOL OF THEOLOGY, as lessee, registered in the Land Title Office under number BX220735, assigned by number BX220736 to the Lessee named in this Model Strata Lot Lease and modified by number BX144966;
- (q) "GVRD" means the Greater Vancouver Regional District,
- (r) "Indemnified Parties" means the Lessor, the members of its board of governors, the members of its senate, and its officers, employees, agents, successors and assigns and each of its subsidiary, affiliated or associated corporations and all others for whose conduct the Lessor is responsible in law,
- (s) "Lands" means those lands in the Province of British Columbia, owned by the Lessor and more particularly known and described as Lot 44, District Lot 3044, Plan BCP6556,
- (t) "Leasehold Strata Plan" means a strata plan deposited in the Vancouver Land Title Office pursuant to the *Strata Property Act* in which the land included in the strata plan is subject to this Lease,
- (u) "Levy Apportionment" means that portion of the Services Levy which will be paid by the Lessor to the Association as more particularly described in Article 28,
- (v) "Model Strata Lot Lease" means this Lease,
- (w) "Mortgage" means a mortgage or mortgages upon or in respect of and specifically charging the leasehold interest of the Lessee in the Strata Lot or any part thereof and includes any debenture or deed of trust and mortgage to secure any bonds or debentures issued thereunder and any assignment of rents made to the Mortgagee as security,
- (x) "Mortgagee" means a mortgagee or mortgagees under a Mortgage,
- (y) "Neighbourhood Plan" means the neighbourhood plan approved by The University of British Columbia for the neighbourhood in which the Lands are situate and which was reviewed by the GVRD as to compliance with the OCP and CCP, and all amendments thereto whether made before or after the date of this Lease,
- (z) "OCP" means the Official Community Plan for part of Electoral Area "A" (within which the Lands are situate) approved by The University of British Columbia and adopted by the GVRD as Bylaw 840-1996 on July 25, 1997 and all amendments thereto whether made before or after the date of this Lease,
- (aa) "Original Lessee" means Bastion Chancellor Homes Ltd., the Lessee named herein,
- (bb) "Penalty" means a penalty, fine, cost, levy, imposition or other like charge,
- (cc) "Prime Rate" means the annual percentage rate of interest established from time to time by the Royal Bank of Canada, Main Branch, Vancouver, British Columbia, or any successor, bank, as the base rate that will be used to determine rates of interest charged by it for Canadian dollar loans to customers in Canada and designated by The Royal Bank of Canada as the prime rate, or any rate which may replace the prime rate in the future as a method for determining rates of interest to be charged;

- (dd) "Rent" means the Basic Rent, Additional Rent and any other amounts payable by the Lessee under this Lease,
- (ee) "Secondary Dwelling" has the meaning given to it from time to time in the Development Handbook, which is located in the Development Handbook under the name "dwelling, secondary",
- (ff) "Services Levy" means the charge levied by the Lessor to the Lessee pursuant to Section 3.3 of this Lease for the use, provision, maintenance and repair from time to time of certain services sometimes provided by municipalities or other public authorities, such as connections and lines for water, sewer, telephone, electricity and gas; the use, provision, maintenance and repair from time to time of street lighting, sidewalks, curbs, gutters, roads, landscaping etc., making available for use and maintaining and repairing from time to time open spaces and other public amenities, providing other public services from time to time such as noise control and pet control and for the purpose of making the Levy Apportionment,
- (gg) "Site Specific Development Controls" means those site specific development controls attached to this Lease as Addendum "E" dealing with design, siting, zoning, building area and other issues and all amendments thereto whether made before or after the date of this Lease,
- (hh) "Strata Corporation" means the corporation created by the provisions of the *Strata Property Act* upon the deposit of the Leasehold Strata Plan in the Land Title Office,
- (ii) "Strata Lot" means a strata lot shown as such on the Leasehold Strata Plan,
- (jj) "Strata Property Act" means the *Strata Property Act*, S.B.C. 1998, Ch. 43, and amendments thereto, including without limitation, the *Strata Property Amendment Act*, S.B.C. 1999, Ch. 21 together with all regulations passed from time to time pursuant thereto, or, any successor legislation in effect from time to time,
- (kk) "Substantial Completion" means substantial completion as defined in Section 4.2 of the Ground Lease,
- (ll) "Term" means the unexpired portion of the Term of the Ground Lease, save and except as modified by Article 25 of this Lease,
- (mm) "Termination" shall have the same meaning as such expression is given under Part 12 of the *Strata Property Act*,
- (nn) "The University of British Columbia" means The University of British Columbia in its capacity as the owner of the Campus with regulatory powers with respect thereto under the *University Act*, and in the context of any release, limitation of liability, or indemnity provision in this Lease, includes the members of its board of governors, the members of its senate, and its officers, employees, agents, successors and each of its subsidiary, affiliated or associated corporations and assigns and all others for whose conduct The University of British Columbia is responsible in law,
- (oo) "UBC's Rules and Regulations" means those rules, policies, bylaws and regulations passed by The University of British Columbia from time to time, whether made before or after the date of this Lease, which are applicable to the Lands and Buildings and/or the residents thereof and/or the Campus generally,
- (pp) "UEL" means the administration set up pursuant to the *University Endowment Land Act*, R.S.B.C. 1996, Ch. 496 and amendments thereto for the purpose of administering all

land included within the definition of land set out in Section 1 of the University Endowment Land Act, which lands can be generally described as being situate in the areas east of Westbrook Mall and north of Agronomy Road,

- (qq) "Unit Entitlement" shall have the same meaning as such expression is given under the *Strata Property Act*,
- (rr) "University Act" means the *University Act*, R.S.B.C. 1996, Ch. 468 and amendments thereto,
- (ss) "Zoning Regulations" means those parts of the OCP, CCP, the Neighbourhood Plan, Site Specific Development Controls and the Development Handbook which deal with zoning issues relating to the Lands and all amendments thereto whether made before or after the date of this Lease .

1.2 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.

1.3 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.

1.4 Wherever in this Lease the defined terms Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, UBC's Rules and Regulations and/or the Zoning Regulations are used individually or together or there is a reference generally to rules or regulations of The University of British Columbia, the Section where any of such terms are used shall be read and interpreted as if all seven defined terms were referred to therein notwithstanding that the Section may not refer to all or any of them to the effect that the Lessee must comply with all seven defined terms and with any other rules, bylaws, policies and regulations of general application. It is understood and agreed that in the event of any conflicts or inconsistencies among the seven defined terms, they shall be resolved according to the following priority:

- (a) First, shall be the Neighbourhood Plan,
- (b) Second, shall be the Site Specific Development Controls,
- (c) Third, shall be the Development Handbook,
- (d) Fourth, shall be the Approval Process Submission Requirements,
- (e) Fifth, shall be the Design Guidelines,
- (f) Sixth, shall be the Zoning Regulations, and
- (g) Last, shall be UBC's Rules and Regulations.

1.5 Words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms and corporations or vice versa.

1.6 It is agreed that the covenants, agreements, provisos and conditions contained in any Schedule attached to this Lease are part of this Lease and the Lessee agrees to be bound thereby.

**ARTICLE 2
BASIC RENT AND ADDITIONAL RENT**

2.1 Basic Rent

If the Basic Rent under the Ground Lease has not been paid, the Lessee covenants and agrees to prepay to the Lessor, by the dates provided in the Ground Lease, as Basic Rent for and during the Term its proportionate share of the unpaid Basic Rent for the Lessee's Strata Lot being 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.

2.2 Payments Generally

All payments by the Lessee to the Lessor of whatsoever nature required or contemplated by this Lease except payments arising under Article 3 hereof, shall be:

- (a) paid to the Lessor by the Lessee in lawful currency of Canada,
- (b) made when due hereunder, without prior demand therefor and without any set-off, compensation or deduction whatsoever at the office of the Lessor or such other place as the Lessor may designate from time to time to the Lessee,
- (c) applied towards amounts then outstanding hereunder, in such manner as the Lessor may see fit, and
- (d) deemed to be Rent, in partial consideration for which this Lease has been entered into, and shall be payable and recoverable as rent, such that the Lessor shall have all rights and remedies against the Lessee for default in making any such payment which may not be expressly designated as rent as the Lessor has for default in payment Rent.

2.3 Net Lease

All Basic Rent required to be paid by the Lessee hereunder shall be paid without any deduction, abatement or set-off whatsoever, it being the intention of the Lessor and Lessee that all expenses, costs, payments and out goings incurred in respect of the Strata Lot, or any other matter or thing affecting the Strata Lot, shall be borne by the Lessee, that the Basic Rent herein provided shall be absolutely net to the Lessor and free of all abatements, set-off or deduction of real property taxes, charges, rates, assessments, expenses, costs, payments or out goings of every nature arising from or related to the Strata Lot. The Lessee shall pay or cause to be paid all such taxes, charges, rates, assessments, expenses, costs, payments and out goings arising out of or in connection with the Strata Lot when due.

2.4 Interest on Amounts in Arrears

When the Rent or any other amounts payable hereunder by the Lessee to the Lessor shall be in arrears, such amounts shall bear interest, including interest on overdue interest, at the Prime Rate plus 6% per annum calculated monthly not in advance from the date due until paid, irrespective of whether or not the Lessor demanded payment. The Lessor shall have all the remedies for the collection of such interest, if unpaid after demand, as in the case of Rent in arrears, but this stipulation for interest shall not prejudice or affect any other remedy of the Lessor under this Lease. Provided however, the provisions of this Section 2.4 shall not apply to the Lessee's failure to pay taxes under Sections 3.1 and 3.2 when due.

If a court declares or holds the Prime Rate to be void or unenforceable for any reason including uncertainty, then the rate of interest payable on amounts in arrears hereunder shall be 18% per annum calculated monthly not in advance from the date due until paid.

**ARTICLE 3
PAYMENT OF TAXES, SERVICES, LICENSES AND PENALTIES**

3.1 Payment of Taxes if Lessor is not Exempt Therefrom

Save as otherwise provided in Section 3.2, the Lessee will in each and every year during the Term not later than the day immediately preceding the date or dates on which real-property taxes and other charges imposed upon real property within the Province of British Columbia 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 Lands, the Buildings, all other structures, all machinery, equipment, facilities and other property of any nature whatsoever thereon and therein, whether such taxes, rates, duties, charges and assessments are charged by any municipal, parliamentary, legislative, regional, school or other authority including The University of British Columbia during the Term and will indemnify and keep indemnified the Lessor from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such taxes, rates, duties, charges and assessments; and any such losses, costs, charges and expenses suffered by the Lessor may be collected by the Lessor as Additional Rent with all rights of distress and otherwise as reserved to the Lessor in respect of rent in arrears. The Lessee further covenants and agrees that during the Term, it will deliver to the Lessor for inspection receipts for payments of all taxes, rates, duties, charges, assessments, including school taxes, local improvement rates and other charges in respect of the Strata Lot, or any 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 14 days following receipt by the Lessee of each of such receipts for payment. The Lessor shall, not later than 14 days following receipt of any assessment notices delivered to the Lessor by any taxing authority, relating to the Strata Lot, or any other structures, any machinery, equipment, facilities and other property of any nature whatsoever thereon and therein, forward a copy thereof to the Lessee. The Lessee shall have the right from time to time to appeal any assessment of the Strata Lot or any other tax, rate, duty, charge or amount referred to in this Section 3.1 provided that such appeal shall be at the sole cost and expense of the Lessee. If in the future the Lessee is unable to appeal any assessment of the Strata Lot or any other tax, rate, duty, charge or amount referred to in this Section 3.1 except in the name of the Lessor, then the Lessee shall have the right to appeal in the name of the Lessor.

Notwithstanding anything herein contained, the Lessee shall be responsible for the payments referred to in this Section 3.1 only from the date of 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.

3.2 Payment of Taxes if Lessor is Exempt Therefrom

The Lessee covenants and agrees with the Lessor that if during the Term, the Strata Lot, the Buildings, all other structures, all machinery, equipment and facilities and other property of any nature whatsoever, thereon and therein, are by the provisions of any municipal, parliamentary, legislative or regional enactment exempt from taxation in whole or in part by reason of the Lessor's ownership of the Lands and they would otherwise have been subject to taxation, then the Lessee shall in each and every year during the Term that such exemption occurs pay to the Lessor as Additional Rent in like manner and time as taxes are to be paid pursuant to Section 3.1, an amount equal to the amount that but for such exemption would have been paid by the Lessee pursuant to Section 3.1 for taxes, rates, duties, charges, assessments, including school taxes and local improvement rates, and other charges. For such purpose in each year during the Term the following provisions shall apply:

- (a) if the Province of British Columbia or any municipal, parliamentary, legislative, regional or other authority, including The University of British Columbia, having the authority so to do passes a by-law or by-laws in advance of the passing of a rating by-law or preparation of the real-property tax roll for the current year providing for the payment of real-property taxes and other charges imposed or to be imposed upon real property within the Province

of British Columbia by monthly, quarterly or twice-yearly instalments and providing that the amounts of such instalments shall be a percentage of the amount of real-property taxes payable on the real-property roll for the immediately preceding year, the Lessor shall deliver to the Lessee an advance tax statement or statements of the amount or amounts determined in accordance with such by-law or by-laws from time to time in respect of the Lands, and all other structures, all machinery and equipment and facilities and other property of any nature whatsoever thereon and therein, and

- (b) after the passing of a rating by-law or rating by-laws (as the case may be) by the Province of British Columbia or any municipal, parliamentary, legislative, regional or other authority including The University of British Columbia having the authority so to do, establishing the rate or rates to be levied on real property with the Province of British Columbia, for the current year, the Lessor shall determine the Additional Rent by applying the rate or rates of levy established by such rating by-law or rating by-laws (as the case may be) to all, or such portion of the assessed value of the Strata Lot, and all other structures, all machinery, equipment, and facilities and other property of any nature whatsoever thereon and therein as the said rate or rates of levy are applied to other taxpayers in the Province of British Columbia in like case, and the Lessor shall deliver to the Lessee a statement of the amount payable under this Section 3.2 after deducting all real-property taxes and other charges paid in advance for the current year.

The Lessee shall have the right from time to time to appeal any assessment of the Strata Lot or any other tax, rate, duty, charge or amount referred to in this Section 3.2, provided that such appeal shall be at the sole cost and expense of the Lessee. If in the future, the Lessee is unable to appeal any assessment of the Strata Lot or any other tax, rate, duty, charge or amount referred to in this Section 3.2 except in the name of the Lessor, then the Lessee shall have the right to appeal in the name of the Lessor.

Notwithstanding anything herein contained, the Lessee shall be responsible for the payments referred to in this Section 3.2 only from the date of 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.

3.3 Services Levy

The Lessee covenants and agrees with the Lessor to pay to the Lessor, at the same time as the amount payable under either Section 3.1 or 3.2 is payable, the Services Levy which shall be calculated in each year by multiplying the difference between (the municipal general and debt tax rate of the City of Vancouver levied on the residential property class pursuant to the Vancouver Charter minus the Provincial rural service rate levied on the residential property class pursuant to the *Taxation (Rural Area) Act*) times the net taxable value of the Lands and improvements as prepared by the B.C. Assessment Authority. Notice of the Services Levy shall be given by the Lessor to the Lessee at the same time as tax notices are mailed in respect of the Lands by the Province of British Columbia. If the Lands ever become part of a municipality or the UEL, the Services Levy shall be replaced by the local governing body's taxes which shall be paid direct to such local governing body. For greater certainty, it is understood and agreed that the amounts collected by the Lessor on account of the Services Levy can be used by the Lessor, at its sole discretion, to pay for:

- (a) the Levy Apportionment to the Association, (both as defined in Article 28),
- (b) the types of infrastructure and public amenities on the Campus referred to in the definition of Services Levy,
- (c) upgrades to such infrastructure and public amenities as may be required from time to time on lands off the Campus, to permit development on the Campus to proceed,

- (d) such other types of infrastructure and public amenities as municipalities, generally, may come to provide during the Term and
- (e) a stabilization fund which may be created by Lessor, if the Lessor decides that it would be prudent to do so, for the purpose of enabling the Lessor to have sufficient funds in reserve to enable the Lessor to pay for infrastructure and public amenities should there be a shift in the ratio from time to time of the municipal general and debt tax rate of the City of Vancouver levied on the residential property class pursuant to the Vancouver Charter to the Provincial rural service rate levied on the residential property class pursuant to the *Taxation (Rural Area) Act*.

It is understood and agreed that notwithstanding anything set out in this Lease, it is the intention of The University of British Columbia, the Province of British Columbia, the Lessor and the Lessee that the overall level of taxation on the Lands and Buildings subject to this Lease, will be equal to the overall level of taxation on lands and buildings situate in the City of Vancouver having an assessed value equal to the assessed value of the Lands and Buildings subject to this Lease, and that if the City of Vancouver is charging separately for services, whether or not they were formerly included in the real estate taxes, or charging for new services, then the Lessor may also charge separately for such services, or charge for new services, to the effect that there will be no difference in the total costs for taxes and services of similarly assessed properties whether located within the City of Vancouver or within the Campus.

3.4 Delinquent Taxes

If the Lessee shall in any year during the Term fail to pay the taxes under Section 3.1 and 3.2 when due, the Lessee shall thereupon pay interest at the percentage rate or rates established by the Province of British Columbia or any other taxing authority, for unpaid real property taxes in the Province of British Columbia or any other taxing authority, for delinquent taxes, but so that the Lessee shall only be obligated to pay such interest as would be payable by other taxpayers in the Province of British Columbia.

3.5 Business Tax and License Fees

- (a) The Lessee covenants with the Lessor to pay for or cause to be paid when due every tax and permit and license fee in respect of the use or occupancy of the Strata Lot by the Lessee (and any and every sublessee, permittee and licensee) other than such taxes as corporate income, profits or excess profit taxes assessed upon the income of the Lessee (or such sublessee, permittee and licensee) whether such taxes or permit and license fees are charged by any municipal, parliamentary, legislative, regional or other authority during the Term and will indemnify and keep indemnified the Lessor from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such taxes and permit and license fee, and any such loss, costs, charges and expenses which relate to such charges suffered by the Lessor may be collected by the Lessor as Additional Rent with all rights of distress and otherwise as reserved to the Lessor in respect of rent in arrears.
- (b) The Strata Corporation covenants with the Lessor to pay for or cause to be paid when due every tax and permit and license fee in respect of any and every business carried on, upon or in the Common Property or Common Facilities (unless such tax or fee is payable by the Lessee under Section 3.4(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 Lessor from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such taxes and permit and license fees, and the Strata Corporation shall reimburse the Lessor for any such loss, costs, charges and expenses which relate to such charges suffered by the Lessor within thirty (30) days after receipt of invoice therefor from the Lessor and in default thereof the Lessee's share of the amount to which the Lessor is entitled to reimbursement from the Strata Corporation (which share shall be determined as

hereinafter set forth) may be recovered by the Lessor as Additional Rent with all rights of distress and otherwise as reserved to the Lessor in respect of and as rent in arrears. In apportioning any amount to which the Lessor is entitled to reimbursement under this Section 3.4(b) 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.

3.6 Penalties Levied By the University of British Columbia

The Lessee and the Strata Corporation jointly and severally covenant with the Lessor to pay for or cause to be paid when due every Penalty imposed by The University of British Columbia pursuant to the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, UBC's Rules and Regulations and/or the Zoning Regulations or this Lease for acts or things done in contravention of, or in violation of, any provision of any of such documents and any such Penalties may be collected by the Lessor as Additional Rent with all rights of distress and otherwise as reserved to the Lessor in respect of rent in arrears. It is understood and agreed that The University of British Columbia may, to the extent that it has the power to do so, delegate to a third party certain of its responsibility and authority under the above documents. In such event, notice in writing of the delegation shall be given to the Lessee and the Strata Corporation. Any such delegation may be revoked and new delegations may be made from time to time throughout the Term.

ARTICLE 4 PAYMENT FOR UTILITY SERVICES

4.1 The Lessee covenants with the Lessor to pay for or cause to be paid when due to the providers thereof, including The University of British Columbia, all charges for gas, electricity, light, heat, power, telephone, water, sanitary sewers, storm sewers, cable and other utilities and services used in or supplied to the Strata Lot throughout the Term and will indemnify and keep indemnified the Lessor from and against payment of all losses, costs, charges expenses occasioned by or arising from any and all such charges, and any such loss, costs, charges and expenses which relate to such charges suffered by the Lessor may be collected by the Lessor as Additional Rent with all rights of distress and otherwise as reserved to the Lessor in respect of rent in arrears.

The Strata Corporation covenants with the Lessor to pay for or cause to be paid to the providers thereof, including the University of British Columbia, when due all charges for gas, electricity, light, heat, power, telephone, water, cable and other utilities and services used or supplied to the Common Property, Common Facilities or the Strata Corporation throughout the Term (unless such charges are payable by the Lessee under Section 4.1) and will indemnify the Lessor 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 Lessor for any such loss, costs, charges and expenses which relate to such charges suffered by the Lessor within thirty (30) days after receipt of invoice therefor from the Lessor and in default thereof the Lessee's share of the amount to which the Lessor is entitled to reimbursement from the Strata Corporation (which share shall be determined as hereinafter set forth) may be recovered by the Lessor as Additional Rent with all rights of distress and otherwise as reserved to the Lessor in respect of and as rent in arrears. In apportioning any amount to which the Lessor is entitled to reimbursement under this Section 3.4(b) 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.

ARTICLE 5 CONSTRUCTION

5.1 No Construction Obligation For Assignees of Strata Lots

The covenants of the Lessee, relating to construction of the Buildings, contained in Sections 5.4, 5.6, 5.7 and 5.8 of this Lease shall not be binding upon those parties to whom the Original Lessee assigns, transfers or conveys a Strata Lot under Section 16.2 of the Ground Lease or Section 16.2 of this Lease. The said covenants shall, nonetheless, bind the Original Lessee and its successors and assigns permitted pursuant to Section 16.2(b) and (c) of the Ground Lease.

5.2 Limitation of Liability of The University of British Columbia

The Strata Corporation and those parties who are Lessees under this Lease by virtue of an assignment, transfer or conveyance of a Strata Lot under and in accordance with the Terms of section 16.2 of the Ground Lease or section 16.2 of this Lease, acknowledge and agree that The University of British Columbia, when involved in:

- (a) inspecting and approving plans, or
- (b) inspecting buildings, utilities, structures, or
- (c) inspecting other things,

requiring a permit for their construction, renovation, repair or reconstruction, owes no legal duty of care to the Strata Corporation and/or the aforesaid Lessees on which a cause of action can be based, to ensure that plans, buildings, utilities, structures or other things so constructed, renovated, repaired or reconstructed on the Lands or on lands elsewhere on the Campus, comply with the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, UBC's Rules and Regulations and/or the Zoning Regulations, or any other applicable codes, regulations, by-laws or enactments in respect of the Lands or lands elsewhere on the Campus.

The Strata Corporation and the aforesaid Lessees further acknowledge and agree that The University of British Columbia is not liable for damages of any nature (including, without limitation, indirect or consequential damages such as loss of profits and/or loss of use and damage arising out of delays) sustained by the Strata Corporation and/or the aforesaid Lessees as a result of the neglect or failure, for any reason or in any manner, of The University of British Columbia to:

- (d) discover or detect contraventions of, or
- (e) enforce,

the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, UBC's Rules and Regulations and/or the Zoning Regulations, or any other applicable codes, regulations, by-laws or enactments in respect of the Lands or lands elsewhere on the Campus.

5.3 Release and Indemnification of the Lessor, the Indemnified Parties and The University of British Columbia

The Strata Corporation and those parties who are Lessees under this Lease by virtue of an assignment, transfer or conveyance of a Strata Lot under and in accordance with the Terms of section 16.2 of the Ground Lease or section 16.2 of this Lease do hereby remise, release and forever discharge and do hereby covenant and agree to defend, indemnify and save harmless:

- (a) the Lessor in its capacity as landlord and owner of the Lands,
- (b) The University of British Columbia in its capacity as regulator as more particularly described in section 14.1, and
- (c) the Indemnified Parties,

whether or not the Lessor, The University of British Columbia, and/or the Indemnified Parties have been negligent, from and against all damages, losses, actions, causes of actions, claims, demands, builder's liens, liabilities, judgments, expenses (including without limitation, legal expenses on a solicitor and own client basis), costs, indirect or consequential damages (including without limitation, loss of profits and loss of use and damage arising out of delays) which may arise or accrue to the Lessee or any person, firm or corporation against the Lessor, The University of British Columbia and/or the Indemnified Parties arising out of or in any way connected with the:

- (d) the construction of the Buildings,
- (e) their later renovation, repair and/or reconstruction from time to time, including without limitation, any failure to complete construction, renovation, repair and/or reconstruction of the Buildings, howsoever arising,
- (f) inspecting and approving plans or inspecting buildings, utilities, structures or other things requiring a permit for their construction, and
- (g) any neglect or failure for any reason or in any manner by the Lessor, The University of British Columbia and/or the Indemnified Parties or any of their respective contractors or subcontractors, to:
 - (i) discover or detect contraventions of, or
 - (ii) enforce,

the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, UBC's Rules and Regulations and/or the Zoning Regulations or any other applicable codes, regulations, by-laws or enactments in respect of the Lands or lands elsewhere on the Campus. Nothing in the general law of suretyship shall operate to release the Strata Corporation or the aforesaid Lessees from their obligations under this release and indemnity.

5.4 Lessee to Construct Buildings

Prior to the commencement of any development activity on the Lands and as soon as is reasonably practical after the Commencement Date, the Lessee shall apply to The University of British Columbia for a Development Permit which application shall comply with the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, UBC's Rules and Regulations and/or the Zoning Regulations. When The University of British Columbia has issued the Development Permit, the Lessee shall as soon as is reasonably practical apply to The University of British Columbia for a building permit, which application shall comply with the Zoning Regulations and the Development Handbook. Upon receipt of a building permit from The University of British Columbia, the Lessee shall construct the Buildings, together with other facilities ancillary thereto and connected therewith on the Lands expeditiously and in a good and workmanlike manner in substantial accordance with the drawings, elevations, specifications (including, without limitation, the materials to be used), location on the Lands and exterior decoration and design all upon which the issuance of the building permits by The University of British Columbia or other authority having jurisdiction are based, and in compliance with the requirements of the Development Permit.

Any changes to the drawings, specifications, location, exterior decoration, design, or exterior appearance of the Buildings or the appearance of the Lands must first be approved by The University of British Columbia.

5.5 Substantial Completion of Buildings

The Buildings shall be deemed to have been Substantially Completed when the Architect or engineer of the Lessee has issued a certificate to the Lessor, signed and sealed by the Architect or engineer, certifying that

- (a) the Buildings are substantially complete in all material respects in a proper and workmanlike manner and in accordance with the applicable plans, specifications and supporting documents submitted to and accepted by The University of British Columbia upon which the issuance by The University of British Columbia of the Development Permit and building permits for the Buildings has been based, except for deficiencies, the correction of which, in the opinion of the Architect or engineer is adequately ensured,
- (b) all building requirements and regulations of The University of British Columbia have been complied with by the Lessee except for deficiencies, the correction of which, in the opinion of the Architect or engineer is adequately ensured,
- (c) all permits for occupancy which may be required by The University of British Columbia have been obtained, and
- (d) the Building is ready for occupancy.

For purposes other than Section 5.4, Substantial Completion may be in respect of portions of the Buildings.

5.6 Deadlines for Commencement of Construction and Substantial Completion of Buildings

The Lessee covenants and agrees with the Lessor that, subject always to Section 10.1 and 17.3:

- (a) commencement of Construction of the Buildings shall take place on or before the day which is the twelfth month anniversary of the day of commencement of the term of the Ground Lease; and
- (b) the Buildings, services and facilities shall be Substantially Completed on or before the day of which is the 24th month anniversary of the day of Commencement of Construction.

5.7 Application for Order For Sale Where the Lessee Defaults in Commencement of Construction or Substantial Completion

- (a) If Commencement of Construction or Substantial Completion of the Buildings does not occur by the dates set forth in Section 5.6, then the Lessor shall have the right and option to apply to the Supreme Court of British Columbia for an order for sale as provided in Section 109 of the *Strata Property Act* and the provisions of Section 19.1(a) hereof shall apply.
- (b) In the event of a dispute between the Lessor and the Lessee as to whether or not the Lessor is entitled to apply for an order for sale pursuant to the provisions of this Section 5.7 the Lessor and the Lessee agree to submit such dispute to arbitration in accordance with the provisions of Article 20.

5.8 Fire and Liability Insurance During Construction of Buildings

- (a) The Lessee shall effect or shall cause its contractor or contractors to effect prior to the Commencement of Construction of the Buildings, or any of them, and shall maintain and keep in force until the insurance required under Article 6 shall have been effected, insurance:
- (i) protecting both the Lessee and the Lessor and the Lessor's servants and agents (without any rights of cross claim or subrogation against the Lessor) against claims for personal injury, death or property damage or other third party or public liability claims arising from any accident or occurrence upon, in or about the Lands and from any cause, including, without limitation, the risks occasioned by the construction of the Buildings, and to an amount reasonably satisfactory to the Lessor for any personal injury, death, property or other claims in respect of any one accident or occurrence, and
 - (ii) protecting both the Lessee and the Lessor and the Lessor's servants and agents from loss or damage (without any rights of cross claim or subrogation against the Lessor) to the Buildings and all fixtures, equipment, improvements and building materials on the Lands from time to time both during and after construction (but which may be by policies effected from time to time covering the risk during different phases of construction of the Buildings) against fire, earthquake and all other perils from time to time customarily included in the usual all risks builders' risk form of policy applicable to similar properties during construction and effected in the Province of British Columbia by prudent owners, and such other perils as the Lessor may reasonably require to be insured against to the full insurable value thereof at all times and in any event in the amount sufficient to prevent the Lessor or the Lessee being deemed co-insurer.
- (b) The proceeds of insurance which may become payable under any policy of insurance effected pursuant to this Section 5.8 shall be payable in accordance with the provisions of Section 7.7.
- (c) All the provisions of Article 7 respecting insurance which are of general application shall apply to the insurance during construction of the Buildings required by this Section 5.8.

**ARTICLE 6
USE OF STRATA LOT****6.1 Use of Strata Lot**

The Lessee covenants and agrees with the Lessor that the Strata Lot (other than its share of the Common Property and Common Facilities) shall be used only for the purposes of self-contained residential accommodation and related lawful uses, including, without limitation, those permitted by the Development Handbook and/or the Site Specific Development Controls, together with other facilities ancillary thereto and connected therewith as set forth in the Development Permit.

6.2 Prohibited Use

The Lessee covenants and agrees with the Lessor that it will not carry on nor do, nor allow to be carried on nor done upon the Strata Lot any work, business or occupation which may be a nuisance or which may be improper, noisy or contrary to any law or to any by-law, the Design Guidelines, the Zoning Regulations, UBC's Rules and Regulations or to any other regulation of The University of British Columbia or any other governmental agencies or authorities having jurisdiction for the time being in force.

ARTICLE 7 INSURANCE

7.1 Insurance

At all times during the Term the Strata Corporation shall, at no expense to the Lessor, insure and keep insured or cause to be insured the Buildings and insurable improvements owned by the Strata Corporation with one or more companies entitled to do business in the Province of British Columbia against loss or damage by fire and other perils now or hereafter from time to time embraced by or defined in the Commercial Building form of insurance coverage applicable to similar Strata Lot 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.

7.2 Pressure Vessel Insurance

At all times during the Term the Strata Corporation shall, at no expense to the Lessor, maintain or cause to be maintained in respect of the Buildings pressure vessel insurance with one or more companies entitled to do insurance business in the Province of British Columbia protecting the Lessor, the Strata Corporation and the Lessee during the Term 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 Lessor, such approval not to be unreasonably withheld. Such insurance shall cover loss or damage caused by rupture of steam pipes.

7.3 Deductible Amounts

Any of the policies of insurance referred to in Sections 7.1 or 7.2 hereof may, with the approval of the Lessor, which approval shall not be unreasonably withheld, provide that the amount payable in the event of any loss shall be reduced by a deductible amount, such amount to be designated by the Strata Corporation and approved by the Lessor, 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 7.7 hereof, be included as part of the insurance monies payable and paid.

7.4 Co-Insurance Clauses

If any of the policies of insurance referred to in Sections 7.1, 7.2 and 7.3 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 Lessor, the Lessee or the Strata Corporation from becoming a co-insurer under the terms of such policy or policies and to permit full recovery in the event of loss.

7.5 Identity of Insured

Any and all policies of insurance referred to in Sections 7.1, 7.2 and 7.3 hereof shall be written in the name of the Lessor and the Strata Corporation as the insureds. Each policy of insurance referred to in Sections 7.1, 7.2 and 7.3 hereof shall contain a provision or shall bear an endorsement that the insurer will not cancel such policy without first giving the Lessor at least 30 days notice in writing of its intention to cancel.

7.6 Release of the Indemnified Parties from Liability for Insured Loss or Damage

The Strata Corporation and the Lessee hereby release the Indemnified Parties 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, and the Strata Corporation and the Lessee hereby covenant jointly and severally to defend, indemnify and save harmless the Indemnified Parties from and against all manner of actions, causes of action, suits, judgments, damages, loss, costs, expenses (including without limitation, legal expenses on a solicitor and own client basis), claims and demands of any nature whatsoever relating to such insured loss or damage.

7.7 Payment of Loss Under the Insurance Policies Referred to in Sections 5.7, 7.1, 7.2 and as it concerns insurance on the Buildings, 7.12

- (a) Subject to Section 7.7(b) the insurance monies payable under any or all of the policies of insurance referred to in Sections 5.7, 7.1, 7.2, or as it concerns insurance on the Buildings, 7.12, 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 the order of the Strata Corporation on behalf of the Lessor, the Lessee, the Strata Corporation and the Mortgagee, if any.
- (b) Subject to Article 27 the Strata Corporation shall use such insurance monies for the restoration, reconstruction or replacement of the loss or damage in respect of which such insurance monies are payable hereunder against certificates of the Architect engaged by the Strata Corporation or such other person as the Lessor and the 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 Lessor shall be entitled to effect such restoration, reconstruction or replacement and the Strata Corporation shall pay or cause the insurance trustee to pay to the Lessor such insurance monies in the same manner as the insurance trustee would have done had the Strata Corporation effected such restoration, reconstruction or replacement.

7.8 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, the non-payment of which would create a lien on the Strata Lot, the Buildings, or any part thereof.

The Strata Corporation shall immediately notify the Lessor of any dispute involving third parties which may arise in connection with the obtaining and maintenance of workers' compensation coverage required hereby if such dispute results in the requisite coverage not being in place, and the Strata Corporation shall take all reasonable steps to ensure the resolution of such dispute forthwith. At all times the Lessee and the Strata Corporation shall jointly and severally defend, indemnify and save harmless the Indemnified Parties from and against all damages, costs, expenses (including without limitation, legal expenses on a solicitor and own client basis), claims, suits, judgments and demands which the Indemnified Parties may incur or suffer as a result of any default by the Strata Corporation of its obligation under this Section 7.8 to ensure the said full workers' compensation coverage is maintained. The Strata Corporation shall further ensure that no amount of the said Workers' Compensation coverage is left unpaid so as to create a lien on the Strata Lot, the Buildings or any part thereof. If the workers' compensation coverage required by this Section 7.8 is not in place within 60 days of the date of the notice to the Lessor hereinbefore mentioned, the Lessor shall be entitled to have recourse to the remedies of the Lessor specified in this Lease or at law or equity.

7.9 Comprehensive General Liability

At all times during the Term, the Strata Corporation shall at no expense to the Lessor, maintain with one or more companies duly authorized to carry on business within the Province of British Columbia and approved by the Lessor, 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 Indemnified Parties, the Lessee, the Strata Corporation and their respective directors, officers, council members, employees, agents, successors and assigns in the sum of \$5,000,000 or such other limit which is specified from time to time by the Lessor acting reasonably.

7.10 Payment of Insurance Premiums

The Strata Corporation shall pay all the premiums under the policies of insurance referred to in this Article 7 as they become due and payable whether such policies are obtained and maintained by the Strata Corporation under Sections 7.1, 7.2 or 7.3 or by the Lessor under Section 7.12 and in default of payment by the Strata Corporation, the Lessor may pay the same and the Strata Corporation shall reimburse the Lessor for the amount so paid by the Lessor within thirty (30) days after receipt on an invoice therefor from the Lessor and in default of payment thereof by the Strata Corporation, the Lessee's share of the amount so paid by the Lessor (which share shall be determined as hereinafter set forth) may be recovered by the Lessor as Additional Rent with all rights of distress and otherwise as reserved to the Lessor in respect of and as rent in arrears. In apportioning the cost of such insurance, such cost shall be borne by the Lessee in the proportion that the Unit Entitlement of the Lessee's Strata Lot bears to the aggregate Unit Entitlement of all the Strata Lots from time to time. The Lessor shall submit to the Lessee annually a statement of the amount or amounts payable by the Lessee under Section 7.12 as the cost of such insurance for the next ensuing year and upon receipt of payment therefor shall apply the same on account of the premiums of such insurance with the loss, if any, thereunder payable to the Lessor, the Lessee, the Strata Corporation and any Mortgagee, as their interest may appear.

7.11 Copies of Insurance Policies

If requested by the Lessor, and on an annual basis without request, confirming the renewal of all policies of insurance each year during the Term, the Strata Corporation shall forthwith from time to time deliver or cause to be delivered to the Lessor certified copies of all policies of insurance referred to in this Article 6 and obtained and maintained by the Strata Corporation hereunder, accompanied by evidence satisfactory to the Lessor that the premiums thereon have been paid.

7.12 Insurance May be Maintained by Lessor

The Lessee agrees that should the Strata Corporation at anytime during the Term fail to insure or keep insured the Buildings against loss or damage by fire and other perils as required under Section 7.1, or fail to maintain insurance against claims for personal injury, death or property damage or loss as required under Section 7.9, then in any of such events, the Lessor, although not obliged to do so, may obtain and maintain such insurance in such amount or amounts with such deductible amounts and for such period or periods of time as the Lessor deems advisable; and the Strata Corporation and the Lessee shall pay to the Lessor as Additional Rent upon the Lessor obtaining any of such insurance and thereafter annually during the Term within 30 days after receipt of any invoice from the Lessor such amounts as, at the rates charged by the insurance companies with whom the Lessor has placed such insurance will pay all premiums therefor. In the event the Lessor pays for or obtains and maintains any insurance pursuant to this Section 6.12, the Lessor shall submit to the Lessee annually, a statement of the amount or amounts payable by the Lessee and the Strata Corporation under this Section 7.12 as the cost of such insurance for the next ensuing year and upon receipt of payment therefor shall apply the same on account of the premiums of such insurance with the loss, if any, thereunder payable as set out in Section 7.7(b) and Section 7.10 is applicable to the payment of all premiums paid by the Lessor under this Section 7.12.

**ARTICLE 8
REPAIRS AND MAINTENANCE**

8.1 Lessor not Obligated to Repair

The Lessor shall not be obliged to furnish any services or facilities or to make repairs or alterations in or to the Strata Lot, the Common Property or the Common Facilities, the Lessee and the Strata Corporation hereby assuming the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Strata Lot, the Common Property and the Common Facilities.

8.2 Repairs

- (a) The Lessee at the Lessee's cost and expense shall during the Term, put and keep the Strata Lot including, without limitation, windows and doors and areas allocated to its exclusive use, in good order and condition or shall cause to be put and kept in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the Buildings or the foundation or structure of the Buildings).
- (b) The Strata Corporation, at no cost to the Lessor, shall during the Term maintain and repair the exterior of the Buildings (excluding windows, doors, balconies and patio included in a Strata Lot) including, without limitation, the decorating of the whole of the exterior of the Buildings and shall maintain and repair (including, without limitation, renewal where reasonably necessary) pipes, wires, cables, chutes and ducts for the time being existing in the Strata Lot 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, without limitation, 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, without limitation, all elevators 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 Lessee 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 requirements of municipal, provincial, federal, regional, school and other governmental authorities.
- (d) The Strata Corporation and the Lessee shall not commit or suffer waste or injury to the Lands, the Strata Lot 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, the Strata Lot 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 Lessee and the Strata Corporation shall not injure or disfigure the Lands, the Strata Lot or the Buildings or permit the same to be injured or disfigured in any way; and at the expiration or other termination of this Lease, the Lessee shall, except as otherwise expressly provided herein, surrender and deliver up the Lands, the Strata Lot and the Buildings, and the aforesaid fixtures, appurtenances and equipment thereof, or any replacements thereof or substitution therefor, in good

order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the Buildings or the foundation or structure of the Buildings). The Lessee accepts the Strata Lot "as is" knowing the condition thereof, and agreeing that the Lessor has made no representation, warranty or agreement with respect thereto.

8.3 Repairs may be made by Lessor

- (a) If the Lessee is in breach of the provisions of subsection 8.2(a), the Lessor through its agents, servants, contractors and sub-contractors although not obliged to do so, may enter upon the Strata Lot and those parts of the Strata Lot required for the purpose of making the necessary repairs required to remedy the breach or may require the Strata Corporation to make such repairs as the Lessor may require to remedy the breach.
- (b) If the Strata Corporation is in breach of the provisions of subsection 8.2(b), the Lessor through its agents, servants, contractors and sub-contractors although not obliged to do so, may enter upon those parts of the Strata Lot required for the purpose of making the necessary repairs required to remedy the breach.
- (c) The Lessor covenants and agrees with the Lessee and the Strata Corporation to make such repairs only after giving the Lessee 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 Lessor in making such repairs together with all costs and expenses of the Lessor shall be reimbursed to the Lessor, in the case of repairs necessitated by a breach of subsection 8.2(a) by the Lessee and in the case of a breach by the Strata Corporation of the provisions of subsection 8.2(b) by the Strata Corporation on demand together with interest at the rate of 6% per annum above the Prime Rate from the date incurred until paid and may be recovered by the Lessor in the case of repairs necessitated by a breach of subsection 8.2(a) from the Lessee as Additional Rent and in the case of a breach of the provisions of subsection 8.2(b) if not reimbursed by the Strata Corporation (which share shall be determined as hereinafter set forth) as Additional Rent. In apportioning any amount to which the Lessor is entitled to reimbursement under this subsection 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.

8.4 Removal of Ice and Snow from Sidewalks

The Strata Corporation covenants and agrees with the Lessor that if the Strata Corporation at any time during the Term fails to keep the public sidewalks adjacent to the Lands reasonably clean from ice and snow during the times and to the extent required of an owner under the provisions of The University of British Columbia Regulations with respect thereto in effect from time to time, the Lessor through its agents, servants, contractors and subcontractors may remove such ice and snow and the Lessor shall not be required to give the Strata Corporation any notice of its intention so to do. Any costs and expenses incurred by the Lessor in removing such ice and snow shall be reimbursed to the Lessor by the Strata Corporation on demand with interest at the rate of 6% per annum above the Prime Rate from the date incurred until paid, and in default of reimbursement by the Strata Corporation to the Lessor, the Lessee's share of the amount so paid (which share shall be determined as hereinafter set forth) may be recovered by the Lessor from the Lessee as Additional Rent. In apportioning any amount to which the Lessor is entitled to reimbursement under this Section 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.

8.5 Lessee Not Relieved of Obligations to Repair

Notwithstanding that the Strata Corporation assumes any of the obligations of the Lessee referred to in this Article 8 by reason of any statutory requirement or with the consent of the Lessor, the Lessee shall nevertheless remain bound to the Lessor for the fulfilment of all of its obligations under this Article 8.

**ARTICLE 9
CHANGES, ALTERATIONS AND SUBSTITUTIONS**

9.1 The Lessee or the Strata Corporation shall not make or permit to be made any changes, alterations, replacements, substitutions or additions affecting the structure of the Buildings, the major electrical and/or mechanical systems contained therein, or the exterior decoration, design or appearance of the Buildings or the Lands, when the cost thereof is reasonably expected to exceed \$50,000.00 (such amount shall be adjusted by the amount of any increase in the Consumer Price Index (All Items) for Vancouver, B.C. as published by Statistics Canada, or any comparable index which might replace it at any time, from January 31, 2002 to the end of the month immediately preceding the month in which the costs are going to be incurred), without the written approval of The University of British Columbia thereto, which approval The University of British Columbia shall not withhold unreasonably. No changes, alterations, replacements, substitutions or additions shall be undertaken until the Lessee shall have submitted or caused to be submitted to The University of British Columbia drawings, elevations (where applicable), specifications (including, without limitation, the materials to be used), locations (where applicable) and exterior decoration and design of the proposed changes, alterations, replacements, substitutions or additions and until the same have been approved in writing by The University of British Columbia Properties, which approval The University of British Columbia agrees not to unreasonably withhold.

The Lessee and the Strata Corporation covenant and agree with the Lessor that, subject to Article 10, all changes, alterations, replacements, substitutions and additions undertaken by or for the Lessee or the Strata Corporation once begun shall be prosecuted with due diligence to completion. All such changes, alterations and additions shall meet the requirements of the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, UBC's Rules and Regulations and/or the Zoning Regulations and any other governmental authorities having jurisdiction.

**ARTICLE 10
UNAVOIDABLE DELAYS**

10.1 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, stop work order issued by any court or tribunal of competent jurisdiction, provided that such order was not issued as the result of any act or fault of the Lessee or the Strata Corporation or of any one employed by them directly or indirectly, fire or explosion, flood, wind, water, earthquake, snowfall, inclement weather affecting construction conditions, 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 Commencement of Construction or the prosecution of construction or in the Substantial Completion or completion of the Buildings or repair of the Buildings or any part or parts of them which under the terms of this Lease the Lessee or the Strata Corporation is required to do by a specified date or within a specified time or if not specified within a reasonable 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. If the Lessor and the Lessee or the Strata Corporation 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 Article 20.

The Lessee and the Strata Corporation shall act diligently and take all reasonable steps of a prudent owner to remove the cause or causes of delay in the Commencement of Construction or completion of the Buildings.

ARTICLE 11 BUILDERS' LIENS

11.1 Improvements by Lessee

The Lessee shall, throughout the Term at its own cost and expense, cause any and all builders' liens and other liens for labour, services or materials alleged to have been furnished with respect to the Strata Lot, which may be registered against the Strata Lot, to be paid, satisfied, released (including, without limitation, the release of all such liens from the interest of the Lessor in the Strata Lot) 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 the 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, such approval not to be unreasonably withheld.

The Lessee shall give notice to its contractors, subcontractors, materialmen, and workmen that services or materials are provided to the Lessee at its request and for its sole benefit and that the Lessor has not requested the improvements and will not be responsible for them.

11.2 Improvements by Strata Corporation

The Strata Corporation shall, throughout the Term at its own cost and expense, cause any and all builders' liens and other liens for labour, services or materials alleged to have been furnished with respect to the Common Facilities, Common Property, the Strata Lot, which may be registered against the Common Facilities, Common Property, the Strata Lot and are not the responsibility of the Lessee under Section 11.1, to be paid, satisfied, released (including, without limitation, the release of all such liens from the interest of the Lessor in the Strata Lot, Common Facilities and Common Property) 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 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.

The Strata Corporation shall give notice to its contractors, subcontractors, materialmen, and workmen that services or materials are provided to the Strata Corporation at its request and for its sole benefit and that the Lessor has not requested the improvements and will not be responsible for them.

11.3 Lessor Has Filed Notice of Interest

It is agreed that the Lessor shall not be responsible for claims of builders liens filed by persons claiming through either the Strata Corporation or the Lessee, or persons for whom either the Strata Corporation or the Lessee is in law responsible. The Lessee acknowledges and agrees that the improvements to be made to the Lands will be made at either the Strata Corporation's or the Lessee's request, solely for the

benefit of either the Strata Corporation or the Lessee and those for whom either the Strata Corporation or the Lessee is in law responsible. The Lessor has filed a notice of interest in the land title office pursuant to paragraph 3(b) of the *Builders Lien Act* stating that the Lessor is giving notice that it will not be responsible for any improvements done to the Lands and Buildings or other improvements thereon, unless the improvements are undertaken at the express request of the Lessor.

ARTICLE 12 INSPECTION AND EXHIBITION BY LESSOR

12.1 Inspection by Lessor

The Lessee and the Strata Corporation agree with the Lessor that it shall be lawful for a representative of the Lessor, upon the provision of notice, at all reasonable times during the Term to enter the Strata Lot, the Common Property, the Common Facilities and the Buildings, or any of them and to examine the condition thereof; and, further, that all wants of reparation as required by Section 8.2 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 shall within 60 days after every such notice or such longer period as provided in subsection (a) of Section 19.2, well and sufficiently repair and make good accordingly.

12.2 Exhibition by Lessor

During the final 12 months of the Term, the Lessor shall be entitled to display upon the 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, the Common Property and the Common Facilities.

ARTICLE 13 OBSERVANCE OF REGULATIONS

13.1 The Lessee and the Strata Corporation covenant with the Lessor that, notwithstanding any other provision of this Lease to the contrary, throughout the Term the Lessee and the Strata Corporation will comply with all provisions of law including, without limitation, municipal, regional, provincial and federal legislative enactments including, without limitation, all police, fire and sanitary regulations, zoning and building by-laws, and any municipal, regional, provincial, federal or other governmental regulations or regulations of The University of British Columbia, including, without limitation, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, UBC's Rules and Regulations and/or the Zoning Regulations, which relate to the construction and erection of the Buildings, to the equipment and maintenance of the Buildings, to the operation, occupation and use of the Buildings or the Lands, and to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the Buildings, the Lands or any part thereof. 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 14 RIGHTS OF LESSOR AND LESSEE

14.1 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, and references in this Lease to the "Lessor" shall be to The University of British Columbia in its capacity and role as landlord under this Lease and as registered owner of the Lands and not to The University of British Columbia in its capacity as the owner of all

university lands with regulatory powers with respect thereto (The University of British Columbia, in the latter capacity, being referred to in this Lease as the "The University of British Columbia").

ARTICLE 15 INDEMNITY

15.1 Indemnification of the Indemnified Parties by the Strata Corporation and the Lessee

Subject to the provisions of section 15.2, the Strata Corporation and the Lessee jointly and severally covenant and agree to defend, indemnify and save harmless the Indemnified Parties from and against all damages, losses, actions, causes of actions, suits, judgments, claims, demands, builders liens, liabilities, expenses (including, without limitation, legal expenses on a solicitor and own client basis), costs, indirect or consequential damages (including, without limitation, loss of profits and loss of use and damage arising out of delays) which may arise or accrue to any person, firm or corporation against the Indemnified Parties or any of their respective contractors and subcontractors which the Indemnified Parties may pay, incur, sustain or be put to arising out of or in any way connected with or that would not or could not be made or incurred but for this Lease.

Without derogating from the generality of the foregoing, the Strata Corporation and the Lessee jointly and severally agree to defend, indemnify and save harmless the Indemnified Parties in respect of:

- (a) all manner of actions, causes of action, suits, judgments, damages, loss, costs, claims and demands of any nature whatever relating to and arising during the Term or any period of overholding out of:
 - (i) bodily injury or death,
 - (ii) property damage, or
 - (iii) other loss or damage
 resulting from:
 - (iv) the conduct of any work,
 - (v) any act or omission, or
 - (vi) relating to or arising from the occupation or possession of the Lands, the Common Property and/or the Common Facilities or any portion thereof,
 by the Strata Corporation and/or the Lessee or any assignee, subtenant, agent, employee, contractor, subcontractor, invitee or licensee of either the Strata Corporation and/or the Lessee,
- (b) all costs, expenses and liabilities incurred by the Indemnified Parties in connection with or arising out of all such claims, including, without limitation, the expenses of any action or legal proceeding pertaining thereto on a solicitor and own client basis,
- (c) the liabilities or obligations incurred or sustained by or imposed upon the Indemnified Parties, and
- (d) any and all manner of actions, causes of action, suits, judgments, administrative proceedings, damages, losses, costs, expenses (including without limitation, legal expenses on a solicitor and own client basis), builder's liens, claims and demands of any nature whatsoever,

arising from any breach, violation or non-performance of any covenant, proviso, condition or agreement contained in this Lease on the part of the Strata Corporation and/or the Lessee to be fulfilled, kept, observed or performed.

15.2 Joint and Several Indemnification Survives Termination of Lease

The obligations of the Strata Corporation and/or the Lessee, as the case may be, to defend, indemnify and save harmless the Lessor, The University of British Columbia and/or the Indemnified Parties under the provisions of this Lease are joint and several obligations of the Strata Corporation and the Lessee and shall apply and continue notwithstanding the termination of this Lease or breach of this Lease by the Lessor, or negligence on the part of the Lessor, The University of British Columbia and or the Indemnified Parties or any of their respective contractors or subcontractors, anything in this Lease to the contrary notwithstanding, except that it is understood and agreed that the liability of the Lessee to defend, indemnify and save harmless the Lessor, The University of British Columbia and/or the Indemnified Parties under the provisions of this Lease shall always be limited to an amount that is equal to 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, unless the provisions of the *Strata Property Act* permit otherwise.

**ARTICLE 16
SUBLETTING AND ASSIGNING**

16.1 Subletting by Lessee - Other Than by Way of Mortgage

- (a) The Lessee may at any time and from time to time during the Term sublease the Strata Lot without the consent of the Lessor if there has been Substantial Completion; PROVIDED HOWEVER that, Basic Rent and Additional Rent have been paid and the Lessee is not then in default in the performance or observance of the other covenants, provisos and agreements required of the Lessee to be performed and observed.
- (b) Notwithstanding any such consent being given by the Lessor under this Section 16.1 and such subleasing being effected, the Lessee shall remain bound to the Lessor for the fulfilment of all of its obligations hereunder.
- (c) At the Lessor's request, a copy of any or all subleases shall be forwarded to the Lessor within 30 days of the conclusion of such transaction together with particulars of registration (if any) in the Vancouver Land Title Office.

16.2 Assignment by Lessee - Other Than by Way of Mortgage

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 Rent has been paid and the Lessee is not then in default in the performance or observance of the other covenants, provisos and agreements required of the Lessee to be performed and observed; and PROVIDED FURTHER that such assignment, transfer or conveyance by the Lessee of its leasehold interest in the 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 Addendums "A" and "B", which forms a part of this Lease, with such additions, deletions or amendments thereto as are appropriate to the premises to be assigned and as are approved by the Lessor and shall be executed by or on behalf of the vendor and purchaser named therein and the Lessor before being deposited in the Vancouver Land Title Office for registration,
- (b) The University of British Columbia or other authority having jurisdiction has first issued an occupancy permit in respect of the Strata Lot,

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

otherwise the Lessor's consent must be first had and obtained, which consent may be unreasonably withheld.

ARTICLE 17 MORTGAGE

17.1 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 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 the performance of all the terms, covenants and conditions of this Lease. Subject to the provisions of Sections 17.2 and 17.3, every Mortgage shall be made expressly subject to the rights of the Lessor under this Lease, otherwise assignment or subletting by the Lessee of the Strata Lot by way of Mortgage shall be subject to the consent of the Lessor which consent may be unreasonably withheld. A copy of any or all Mortgages shall be furnished to the Lessor together with particulars of registration in the Vancouver Land Title Office within 30 days of such request.

17.2 Rights of Mortgagee

The Mortgagee under any Mortgage referred to in Section 17.1 may enforce such Mortgage and acquire title to the leasehold estate in any lawful way and, by its representative or by a receiver, as the case may be, take possession of and manage the Lands and upon foreclosure of such mortgage may sell or assign the leasehold estate and the purchaser or assignee of the leasehold estate shall be liable to perform the obligations imposed upon the Lessee by this Lease only so long as such purchaser or assignee has ownership or possession of such leasehold estate.

17.3 Notice to and Remedies of Mortgagee

- (a) No acceptance of surrender, disclaimer of this Lease by a receiver, interim-receiver, receiver manager, liquidator, custodian or trustee or Order for sale of the Lessee's interest in the Strata Lot or this 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 19.2 shall be valid against the Mortgagee who has executed and delivered to the Lessor a tripartite agreement pursuant to Section 17.4 unless the Lessor shall first have given to the Mortgagee notice of the default entitling the Lessor to re-enter, terminate or forfeit this Lease 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 60 days from the date of receipt of that notice by the Mortgagee, or
 - (ii) if the default is other than the failure to pay Rent or any other sums required to be paid by the Lessor by any provisions of this Lease and if the default cannot reasonably be cured within such 60 day period, then to immediately commence to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default, and the Lessor hereby grants the Mortgagee access to the Strata Lot for that purpose.
- (b) If the default is cured within the period specified, the Mortgagee shall be entitled to become tenant of the Strata Lot for the balance of the Term remaining at the date of the

notice of default or contingency, providing that the Mortgagee attorns as tenant to the Lessor and undertakes to be bound by and to perform the covenants and agreements of this Lease for so long as it remains tenant and has not assigned the balance of the Term; PROVIDED however that in the event the Mortgagee consists of more than one mortgagee each having a separate charge upon the Lessee's interest in this Lease, and more than one of them wishes to cure the default or contingency specified in the notice aforesaid, then the Lessor hereby agrees to permit curing of the default or contingency specified as aforesaid and the assumption of the balance of the Term as aforesaid by that Mortgagee which is willing to cure and assume as aforesaid and whose charge ranks in priority over the charge or charges held by the other Mortgagee or Mortgagees willing to cure and assume as aforesaid.

- (c) 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 or re-entry provided the Mortgagee:
- (i) shall first have given to the Lessor notice of the foreclosure proceedings,
 - (ii) is actively prosecuting the foreclosure proceedings without undue delay,
 - (iii) cures the default within a period of 60 days from the date of receipt of notice from the Lessor specifying the nature of the default, or if the default is other than the failure to pay Rent or any other sums required to be paid to the Lessor by any provision of this Lease and if such default cannot reasonably be cured within such 60 day period, immediately commences to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default,
 - (iv) performs and observes all of the Lessee's covenants and agreements under this Lease and without undue delay diligently prosecutes to a conclusion the foreclosure proceedings commenced by the Mortgagee.

In the event that the Mortgagee acquires title to the Lessee's interest in the Strata Lot pursuant to the foreclosure proceedings, the Mortgagee 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 to perform the covenants and agreements of this Lease for so long as it remains tenant and has not assigned the balance of the Term. 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 17.3(c) to a foreclosing Mortgagee shall be deemed granted to them in the order of priority of the charges held by the foreclosing Mortgagees.

- (d) If this Lease shall be subject to an Order for sale pursuant to Article 18 by reason of the bankruptcy or insolvency of the Lessee and the Mortgagee has filed with the Lessor notice of Mortgage in favour of the Mortgagee and specified an address for notice under Article 27, the Lessor shall give to the Mortgagee notice of the bankruptcy or insolvency of the Lessee entitling the Lessor to apply for an Order for sale of this Lease and stating the Lessor's intention to take such proceedings and requiring the Mortgagee to cure any other default of the Lessee and the Lessee's other default shall be deemed to have been sufficiently cured if the Mortgagee:

- (i) commences foreclosure proceedings against the Lessee as more particularly set out in Section 17.3(c),
- (ii) takes possession and control of the Lands and the Buildings, or causes a receiver to be appointed under the terms of the Mortgagee's charge or by a court of competent jurisdiction, who takes possession and control of the Strata Lot, and the Lessor hereby grants the Mortgagee or such receiver access to the Strata Lot for that purpose,
- (iii) cures every default within a period of 60 days from the date of receipt by the Mortgagee of the notice from the Lessor of the bankruptcy or insolvency of the Lessee, or if such default or defaults are other than the failure to pay Rent or any other sums required to be paid to the Lessor by any provision of this Lease and if such default or defaults cannot reasonably be cured within such 60 day period, immediately commences to cure the same and to diligently prosecute to conclusion all acts necessary to cure the default or defaults, and
- (iv) attorns as tenant to the Lessor and undertakes to be bound by and to perform the covenants and agreements of this Lease for so long as it remains tenant and has not assigned the balance of the Term.

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.

- (e) Any sale of the Lessee's interest in the Strata Lot made in accordance with the provisions of this Lease as against the Lessee shall be valid and effectual against the Lessee even though made subject to the rights of any Mortgagee to cure any default of the Lessee and to continue as tenant under this Lease.
- (f) No entry upon the Strata Lot by the Mortgagee pursuant to this Section 17.3 for the purpose of curing any default or defaults of the Lessee shall release or impair the continuing obligations of the Lessee.

17.4 Protection of Mortgagee (Tri-Partite Agreements)

The Lessor and the Lessee agree that the obligations of the Lessor under Section 17.3 are subject to the Mortgagee entering into an agreement in the form attached hereto as Addendum "C" (which form of agreement shall be photocopied and completed by the Mortgagee by hand without changes and presented to the Lessor for execution) whereby the Mortgagee agrees that, if it acquires title to the Lessee's interest in this Lease, it shall, for so long as it remains tenant and has not assigned the balance of the Term, perform and observe the covenants and agreements required of the Lessee to be performed and observed if not performed or observed by the Lessee, whether or not the Lessor has taken any steps to enforce performance or observance of any of the covenants and agreements in this Lease to be performed or observed by the Lessee.

ARTICLE 18 BANKRUPTCY OF LESSEE

18.1 Events of Bankruptcy or Receivership

The parties hereto agree, subject to the provisions of Sections 17.3, 17.4 and 18.2 that:

- (a) if the Lessee shall make a general assignment for the benefit of creditors, or

- (b) if the Lessee shall institute proceedings to be adjudicated bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against the Lessee or shall file an application or petition or answer or consent, seeking re-organization or re-adjustment of the indebtedness of the Lessee under the *Bankruptcy and Insolvency Act* or the *Companies' Creditors Arrangement Act* or any law of Canada or any province thereof relating to bankruptcy or insolvency or shall consent to the filing of any such application or petition or shall consent to the appointment of a receiver, interim-receiver, receiver-manager, trustee, liquidator, or custodian, or
- (c) if a receiver, interim-receiver, receiver-manager, trustee, liquidator or custodian of all or substantially all of the property of the Lessee or of the Lessee's leasehold interest in the Lands and interest in the Buildings shall be appointed or applied for by the Lessee or appointed pursuant to an instrument or by order of a court, or
- (d) if a judgment, decree or order shall be entered by a court of competent jurisdiction adjudging the Lessee a bankrupt or insolvent or subject to the provisions of the *Bankruptcy and Insolvency Act* or determining that proceedings for re-organization, arrangement, adjustment, composition, liquidation, or any similar relief under the *Bankruptcy and Insolvency Act* or the *Companies' Creditors Arrangement Act* or any law of Canada or any province thereof relating to bankruptcy or insolvency have been properly instituted otherwise than by the Lessee, provided that such judgment, decree or order is not in good faith contested by the Lessee, or
- (e) if any application or petition or certificate or order is made or granted for the winding up or dissolution of the Lessee voluntarily or otherwise,

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 209 of the *Strata Property Act*.

18.2 Procedure in the Event of Bankruptcy or Receivership

The parties hereto agree, subject to the provisions of Sections 17.3 and 17.4, that:

- (a) if the Lessee shall make a general assignment for the benefit of creditors, or
- (b) if the Lessee shall institute proceedings to be adjudicated bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against the Lessee or shall file an application or petition or answer or consent, seeking re-organization or re-adjustment of the indebtedness of the Lessee under the *Bankruptcy and Insolvency Act* or the *Companies' Creditors Arrangement Act* or any law of Canada or any province thereof relating to bankruptcy or insolvency or shall consent to the filing of any such application or petition or shall consent to the appointment of a receiver, interim-receiver, receiver-manager, trustee, liquidator, or custodian, or
- (c) if a receiver, interim-receiver, receiver-manager, trustee, liquidator or custodian of all or substantially all of the property of the Lessee or of the Lessee's leasehold interest in the Lands and interest in the Buildings shall be appointed or applied for by the Lessee or appointed pursuant to an instrument or by order of a court, or
- (d) if a judgment, decree or order shall be entered by a court of competent jurisdiction adjudging the Lessee a bankrupt or insolvent or subject to the provisions of the *Bankruptcy Act* or determining that proceedings for re-organization, arrangement, adjustment, composition, liquidation, dissolution or winding-up or any similar relief under the *Bankruptcy Act* or the *Companies' Creditors Arrangement Act* or any law of Canada or any province thereof relating to bankruptcy or insolvency have been properly instituted

otherwise than by the Lessee, provided that such judgment, decree or order is not in good faith contested by the Lessee, or

- (e) if any application or petition or certificate or order is made or granted for the winding up or dissolution of the Lessee voluntarily or otherwise,

then the receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee shall have the right to disclaim this Lease or to hold and retain the Strata Lot for a period not exceeding six months from the effective date of any such appointment, receiving order, assignment, judgment, decree, order or the commencement of dissolution or winding-up, as the case may be, or until the expiration of the Term, whichever first happens on the same terms and conditions as the Lessee might have held the Strata Lot had no such appointment, receiving order, assignment, judgment, decree or order been made or dissolution or winding-up commenced.

If the receiver, interim-receiver, receiver-manager, liquidator, trustee or custodian holds and retains the Strata Lot and the Buildings as aforesaid he shall during the said period either:

- (i) surrender possession at any time and the Term shall thereupon terminate, or
- (ii) sell, transfer or otherwise dispose of all the interest of the Lessee in this Lease and the Strata Lot for the remainder of the Term or any part thereof and all the rights of the Lessee hereunder notwithstanding anything to the contrary in Article 16 contained if, after 14 days written notice of the court application being given to the Lessor, the Supreme Court of British Columbia upon the application of such receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee approves such sale, transfer or disposition, or
- (iii) continue as tenant for the balance of the Term remaining provided that the receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee attorns as tenant to the Lessor and undertakes to be bound by and to perform the covenants and agreements of this Lease on the part of the Lessee to be performed and observed.

18.3 Certain Rights of the Parties

The parties hereto agree that:

- (a) should the receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee at any time before or after taking possession, disclaim this Lease or surrender possession to the Lessor, his liability and the liability of the estate of the Lessee and of the Lessee for payment of Rent is limited to the period of time during which the receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee remains in possession of the Strata Lot for the purposes of the trust estate. And if the receiver, receiver-manager, liquidator, custodian or trustee disclaims this Lease or surrenders possession, the Lessor or the Lessor's agents or employees authorized by the Lessor may immediately or at any time thereafter apply to the Supreme Court of British Columbia for an order for sale as provided in Section 209 of the *Strata Property Act* without being liable for any prosecution or damages therefor, and such receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee shall execute a surrender or assignment to the Lessor in registrable form,
- (b) entry into possession of the Strata Lot by the receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee and its occupation by him while required for the purposes of the performance of his duties in his office shall not be deemed to be evidence of an intention on his part to retain the Strata Lot, nor affect his right to disclaim or to surrender possession pursuant to the provisions of Section 18.2,

- (c) if after occupation of the Strata Lot, the receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee elects to retain it and thereafter sells, transfers or otherwise disposes of the lease, the Strata Lot and all interests and rights of the Lessee therein and hereunder to a person approved by the court as provided by Section 18.2, his liability and the liability of the Lessee and his estate for the payment of the Rent, if any, is limited to the period of time during which he remains in possession of the Lands and the Strata Lot.

18.4 No Abatement of Rent

The receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee shall pay to the Lessor for the period during which the receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee actually occupies the Strata Lot pursuant to Section 18.2 hereof the Rent calculated on the basis of this Lease and payable in accordance with the terms hereof.

ARTICLE 19 DEFAULT BY LESSEE

19.1 Procedure in the Event of Default by Lessee

Subject to the provisions of Section 17.3, if:

- (a) the Lessee shall default in payment of Rent or any other sums required to be paid to the Lessor by any provision of this Lease, and such default shall continue for a period of 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
- (b) the Lessee shall default in performing or observing any of its covenants or obligations under this Lease (other than those referred to in Section 18.1 and subsection 19.1(a)) 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 19.2) 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 209 of the *Strata Property Act*.

19.2 Procedure in Event of Default by Strata Corporation

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 notice specifying 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 Strata Corporation fails to proceed promptly after the giving of such notice to cure such default, the Lessor may:

- (a) 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, 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 Basic 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

- (b) 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.

19.3 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.

19.4 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 20 ARBITRATION

20.1 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 appointed. If within 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. Each party shall pay its own costs of attending the reference. The costs of the arbitrators and the 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 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 rules of the British Columbia International Commercial Arbitration Centre as amended from time to time, shall apply. The case shall be administered by the British Columbia International Commercial Arbitration Centre in accordance with its "Procedures for Cases under the BCICAC Rules."

ARTICLE 21 ADDITIONAL COVENANTS AND AGREEMENTS OF LESSEE AND STRATA CORPORATION

21.1 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, the Common Property or the Common Facilities any work, business or occupation which may be a nuisance or which may be

improper, noisy or contrary to any law or to any by-law or regulation of The University of British Columbia, or any enactment of any governmental agencies or authorities having jurisdiction for the time being in force. The Lessee also covenants and agrees with the Lessor to comply with the bylaws and rules of the Strata Corporation, with the *Strata Property Act* and any other enactments or laws.

21.2 Duties of the Strata Corporation

The Strata Corporation must:

- (a) perform its duties under the *Strata Property Act*, and
- (b) require the Lessee to comply with the following:
 - (i) the bylaws and rules of the Strata Corporation, and
 - (ii) the *Strata Property Act*, and regulations thereto and any other enactment or laws.

21.3 Rental Restrictions

The Lessee and the Strata Corporation agree not to impose rental restrictions in the bylaws of the Strata Corporation which would restrict the renting out of a Secondary Dwelling within a Strata Lot.

21.4 Covenant Respecting Charges and Encumbrances

The Strata Corporation agrees to be bound by and perform all of the covenants of the Lessor, as owner of the Lands, set out in any charge or encumbrance registered against title to the Lands, which provides that upon the deposit of a leasehold strata plan for the Lands, such as the leasehold strata plan for this Lease, the strata corporation created thereby shall become responsible for and automatically assume, without the need of further documentation, all of the obligations of the owner of the Lands and the original lessee named in the Ground Lease, which are contained in such charge or encumbrance, including without limitation, any obligations to be responsible for and assume any financial responsibilities pursuant to such charge or encumbrance.

ARTICLE 22 SURRENDER OF LEASE

22.1 At the expiration or sooner determination of the Term, unless this Lease is renewed as provided in Article 25, the Lessee shall surrender the Strata Lot (including, without limitation, the interest of the Lessee in the Common Property and Common Facilities) to the Lessor in the condition in which it was required to be kept by the Lessee under the provisions of this Lease, except as herein otherwise expressly provided.

ARTICLE 23 QUIET ENJOYMENT AND OWNERSHIP OF TENANTS' FIXTURES

23.1 Covenant for Quiet Enjoyment

If the Lessee pays the Rent hereby reserved and the other charges, and the Lessee and the Strata Corporation perform the covenants hereinbefore on the Lessee's part contained, the Lessee shall and may peaceably enjoy and possess the Strata Lot for the Term, without any interruption or disturbance whatsoever from the Lessor or any other person, firm or corporation lawfully claiming from or under the Lessor, provided however that nothing in this Section 23.1 shall limit the rights of inspection conferred upon the Lessor under Section 12.1, the right of the Lessor to show the Strata Lot and to post notice, pursuant to Section 12.2.

23.2 Removal of Lessee's Fixtures

At the expiry or earlier termination of the Term or any renewal of it, the Lessee and the Strata Corporation may remove their fixtures and the fixtures of any subtenants and licensees and any persons claiming through or under them. The Lessee and the Strata Corporation shall make good or shall cause such tenants to make good, any damage to the Buildings caused by any removal of the tenants' fixtures.

**ARTICLE 24
OVERHOLDING**

24.1 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 a rent which is the fair market rent of the Lands as agreed between the Lessor and the Lessee, or, failing such agreement, as determined by arbitration pursuant to Article 20, 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 25
RENEWAL OF LEASE****25.1 Renewal of Lease**

- (a) Special provisions concerning the renewal of this Lease by the Lessor are contained in Sections 210, 211 and 212 of the *Strata Property Act* and, except as otherwise provided in subsection 25.1(b) of this Lease the provisions of the said Sections 210, 211 and 212 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 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 Basic Rent payable by the Lessee during each renewal term shall be such annual sum as may be agreed upon in writing by and between the Lessor and the Lessee; provided however that if the Lessor and the Lessee do not agree in writing upon the Basic Rent for any renewal term at least six (6) months prior to the end of the Term or six (6) months prior to the end of the renewal term immediately preceding the renewal term the Basic Rent for which has yet to be determined, the Basic Rent for such last-mentioned renewal term shall be that share of the current market rental value of the Lands apportioned to the Strata Lot in accordance with the formula set out in subsection 273(1)(d) of the *Strata Property Act* at the date which shall be six (6) months prior to the end of the Term or six (6) months prior to the end of the renewal term immediately preceding the renewal term the Basic Rent for which has yet to be determined and such market rental value shall be determined by arbitration. The arbitrators shall within the said six (6) month period appraise and determine the current market rental value of the aforesaid part of the Lands. If the arbitrators shall not have determined such current market rental value within the said six (6) months, the Lessee shall pay to the Lessor during the renewal term pending such determination Basic Rent as provided in paragraph 25.1(b)(ii). The Lessee covenants and agrees to pay the Basic Rent as so determined for each renewal term in twelve (12) monthly instalments in advance, on the first day of each month in each year during each renewal term, provided however, that should the date upon and from which such Basic Rent first begins to accrue be a date other than the first day of a month, such Basic Rent shall be apportioned accordingly

as to the first and last months of the renewal term. In determining the current market rental value of the aforesaid part of the Lands pursuant to this subsection, the arbitrators shall exclude from such determination the value of the Buildings in and upon the Lands (as if the same were unimproved),

- (ii) if the annual Basic 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 subsection but which has not been made, and if consequently, the amount of the revision of the Basic Rent cannot be ascertained within the time limited herein, the Lessee shall, pending the making of the computation, make monthly payments on account of the new annual Basic Rent equal to 1/12th of the percentage of the assessed value of the land portion of the Strata Lot as shown on the most recent assessment notice issued by the B.C. Assessment Authority prior to the expiration of the Term which is equal to the average of the Prime Rates in effect on the last day of December in each of the 10 years immediately preceding the expiration of the Term, and when the revised annual Basic Rent has been ascertained, the Lessee shall pay to the Lessor the amount, if any, by which the monthly instalments of the revised annual Basic 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 Basic Rent, together with interest at the rate of three per cent (3%) per annum above the Prime Rate on such excess amount or the Lessor shall credit the Lessee against future instalments of annual Basic Rent with any overpayment, together with interest at the rate of three per cent (3%) per annum above the Prime Rate on such overpayment.
- (c) When the Basic Rent has been determined (by agreement or arbitration) for any renewal of this Lease under subsection 25.1(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 Title 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 with particulars of registration in the Vancouver Land Title Office endorsed thereon. All fees for the registration of the renewal of this Lease in the Vancouver Land Title Office shall be borne by the Lessee.

ARTICLE 26

PURCHASE OF LESSEE'S INTEREST IN STRATA LOT BY THE LESSOR

- 26.1 Effect of the *Strata Property Act*
- (a) Special provisions concerning the purchase of the Lessee's interest in the Strata Lot by the Lessor are contained in Section 214 of the *Strata Property Act* and, except as otherwise provided in subsection 26.1(b), the provisions of Section 214 of the *Strata Property Act* 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) For the purposes of Section 214(a) of the *Strata Property Act*, this subsection 26.1(b) shall be and constitute a schedule filed with the leasehold strata plan. 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 sixty (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 assessing such fair market value and in furtherance to the provisions of the *Strata Property Act* the Lessee's interest in the Strata Lot shall be determined:

- (i) on the basis that the Lessee's interest in the Strata Lot consists only of that part of the Building comprising the Strata Lot and his interest in the Common Property and Common Facilities based on the Unit Entitlement of the Strata Lot as they relate to improvements on the Lands, with no value being attributable to the Lands,
 - (ii) on the basis that the Strata Lot is free of all liens, charges and encumbrances, and
 - (iii) on the basis that the 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 Title Office against this Lease and any other normal adjustments not later than thirty (30) days after the purchase price shall have been determined pursuant to this Article 26 (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 a 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 free of all liens, charges and encumbrances 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 and 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 27
DESTRUCTION OR DEEMED DESTRUCTION OF THE BUILDINGS**

27.1 Strata Property Act Provisions

It is hereby acknowledged and agreed by and between the parties hereto that Part 1 of the *Strata Property Act* contains special provisions concerning:

- (a) insurance in Part 9 and,
- (b) a decision not to repair or replace damaged property in Section 159,

and the same, by Section 200 of the *Strata Property Act*, apply, with the necessary changes in so far as they are applicable, to Part 12 of the *Strata Property Act* which deals with Leasehold Strata Plans. Sections 213, 214 and 215 of the *Strata Property Act* contain further provisions in this regard and the parties hereto shall be entitled to exercise such rights 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 *Strata Property Act*, the said provisions of the *Strata Property Act* shall prevail; PROVIDED HOWEVER that if any of the said provisions of the *Strata Property 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 Addendum "D" attached hereto shall

apply mutatis mutandis to this Lease and be binding on the parties to the extent that the said provisions of the *Strata Property Act* are no longer applicable hereto.

ARTICLE 28 UNIVERSITY NEIGHBOURHOODS ASSOCIATION

28.1 It is understood by the Lessee that the Lands are situate on the Campus, which is administered by The University of British Columbia pursuant to the *University Act* in compliance with the OCP, CCP and Neighbourhood Plan, as amended from time to time. The Campus is classified as a rural area for taxation purposes and is located within Electoral Area "A". Electoral Area "A" includes the Campus, Pacific Spirit Regional Park and the University Endowment Lands. Residents of the Lands are able to vote for members of the Vancouver School Board, a member of the British Columbia legislative assembly, a member of the parliament of Canada and the representative from Electoral Area "A" to the GVRD.

28.2 The Lessee understands and agrees that concurrently with its execution of this Lease, eligible residents on the Lands shall have the right to become a member of the University Neighbourhoods Association (the "Association") whose purposes are, inter alia, to promote services, amenities and facilities which better provide for the development of good neighbourhoods particularly for eligible residents with respect to community health, safety, education, culture, recreation, comfort or convenience (collectively the "Purposes"). The Association is an incorporated legal entity which is separate and distinct from The University of British Columbia. The University of British Columbia has entered into an agreement with the Association (the "UBC Neighbours' Agreement") to document the arrangements for the conduct of relations among the parties. The UBC Neighbours' Agreement provides that the Board of Governors of The University of British Columbia may, from time to time, request that the board of directors of the Association act as an advisory board to the Board of Governors of The University of British Columbia. The UBC Neighbours' Agreement may be terminated in certain circumstances, as outlined in the UBC Neighbours' Agreement. The Association may be dissolved should the Campus become part of a municipal or similar type of local governing body.

28.3 A copy of the UBC Neighbours' Agreement and the Bylaws and Constitution of the Association are available for viewing on the web site of the Association which is presently located at <http://www.universityneighbourhoodsassociation.ca/> and which will later be relocated to <http://www.myuna.com/>.

28.4 The UBC Neighbours' Agreement referred to in Section 28.2 above, provides that the Association will receive a portion of the Services Levy (the "Levy Apportionment") payable pursuant to Section 3.3 of this Lease to provide funding for its purposes.

28.5 In addition to the Levy Apportionment, the Association may charge user fees for services and/or facilities which it provides.

ARTICLE 29 NOTICE

29.1 All notices, demands and requests which may be 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 addressed to the parties at the addresses set out on page 1 hereof, or such other addresses as the parties may from time to time advise by notice in writing. Mortgagees hereof shall supply their respective mailing addresses to the Lessor and the Lessee. The date of receipt of any such notice, demand or request shall be deemed to be the date of delivery if such notice, demand or request is served personally or if mailed 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 30
MISCELLANEOUS**

30.1 Conflict Between Provisions of Model Strata Lot Lease and *Strata Property Act*

In the event that the terms of this Model Strata Lot Lease or the duties 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 *Strata Property Act* applicable to leasehold Strata Lots the said provisions of the *Strata Property Act* shall prevail.

30.2 New Home Warranty Program of British Columbia

The Lessee covenants and agrees with the Lessor to enroll each dwelling unit forming part of the Buildings which the Lessee commences to construct in accordance with the Section 5.4 of this Lease with a new home warranty provider who has been approved under the *Home Owner Protection Act*, S.B.C 1999, Ch. 21 (the "Home Warranty Program") and provide the Lessor with evidence satisfactory to the Lessor that such dwelling units have been so enrolled. If the Home Warranty Program terminates prior to all dwelling units having been enrolled in the same, then the Lessee shall enroll the remaining dwelling units in such other home warranty program as may then be available in the Province of British Columbia that is satisfactory to the Lessor, but if no such alternate program is then available, the Lessee shall be relieved from its obligations under this Section with respect to the balance of the dwelling units then remaining to be constructed and not previously enrolled in the Home Warranty Program.

30.3 Statements by Lessor and Lessee

The Lessor and the Lessee agree that at any time and from time to time upon not less than 30 days prior request by the other party, each will execute, acknowledge and deliver to the other a statement in writing certifying:

- (a) that this Lease is unmodified and in full force and effect or if there have been modifications that the same are in full force and effect as modified and identifying the modifications,
- (b) the dates to which the rent and other charges have been paid and the request shall specify the charges in respect of which such information is required, and
- (c) that, so far as the maker of the statement knows, without having conducted any searches or made any particular enquiries, the party who requests the statement is not in default under any provisions of this Lease, or, if in default, the particulars thereof.

This certification shall be provided by the Lessor on the following conditions:

- (i) that neither the Lessor nor the party signing on behalf of the Lessor be liable for any damage or expense should for any reason, including, without limitation, negligence, the information provided be inaccurate, incomplete or misleading,
- (ii) that should any or all of the information be inaccurate, incomplete or misleading, for any reason, including, without limitation, negligence, the Lessor shall, as against any person or corporation who may rely on the contents of this certification statement, be able to assert and enforce its full rights in strict accordance with the lease as if this certification statement had not been signed on behalf of the Lessor and as if any or all persons and corporations who may rely on the contents of the certification statement had not relied on the contents of the certification statement.

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

30.5 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.

30.6 Execution of the Model Strata Lot Lease by the 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 the Lease in accordance with Section 26.3 of the Ground 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 and perform any of the covenants, conditions and agreements which the Strata Corporation is bound to observe and perform 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.

30.7 Release from Liability

The Lessor covenants and agrees that the Original Lessee named herein but not including any Lessee, sublessee or tenant of the Lessee or any other party claiming under the Lessee or any party to whom a Strata Lot is assigned, transferred or conveyed under and pursuant to the terms of Section 16.2 of the Ground Lease, or Section 16.2 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 in the Model Strata Lot Lease in respect of each Strata Lot on the date which is the later of:

- (a) the date the leasehold interest of the said named Lessee in that Strata Lot is assigned to the first purchaser thereof, or
- (b) the date of substantial completion of the Buildings and Common Facilities as certified by the Architect or other professional consultant of the Lessee.

PROVIDED THAT the Lessee shall have paid the Rent and 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.

30.8 Enurement

It is further agreed and declared by the Lessor and the Lessee that these presents shall extend to, be binding upon and enure to the benefit of the Lessor, the Lessee and the Strata Corporation and their respective administrators, successors and assigns and if there is more than one Lessee named the word "Lessee" shall be deemed to include each of such Lessees (as the case may be) their several administrators, successors and assigns, and they shall be jointly and severally liable under this Lease.

30.9 The captions and headings throughout this Lease are for the 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.

IN WITNESS WHEREOF the Lessor, the Lessee and the Strata Corporation have hereunto caused to be affixed their respective seals attested by the signatures of their respective proper officers duly authorized for such purpose.

THE UNIVERSITY OF BRITISH COLUMBIA by)
its authorized signatories:)

THE UNIVERSITY OF BRITISH COLUMBIA)
_____)
Authorized Signatory *[Signature]*)
per Associate University Counsel)
Authorized Signatory _____)

THE UNIVERSITY OF BRITISH COLUMBIA

_____)
BYRON R. BRALEY
ASSOCIATE VICE PRESIDENT, TREASURY

BASTION CHANCELLOR HOMES LTD. by its)
authorized signatories:)

_____)
Authorized Signatory *[Signature]*)
Authorized Signatory HUGH TANGYE)
Authorized Signatory _____)

THE COMMON SEAL of THE OWNERS,)
LEASEHOLD STRATA PLAN BCS2637 was)
hereunto affixed in the presence of:)

_____)
Authorized Signatory *[Signature]*)
Authorized Signatory HUGH TANGYE)
Authorized Signatory _____)

c/s

This is the Addendum "A" referred to in section 16.2 of the Model Strata Lot Lease

LAND TITLE ACT
FORM C
 (Section 233)
 Province of British Columbia

GENERAL INSTRUMENT - PART 1 (This area for Land Title Office use) Page 1 of <@> Pages

1. **APPLICATION:** (name, address, phone number and signature of applicant, applicant's solicitor or agent)

<@>
 <@>, Barristers and Solicitors,
 <@> - <@> <@> Street, Vancouver, BC <@> <@>
 Telephone: 604.<@>.<@>
 Our File: <@>-<@>

 Authorized Agent

2. **PARCEL IDENTIFIER(S) AND LEGAL DESCRIPTION(S) OF LAND:***

(PID) (LEGAL DESCRIPTION)
 <@> Strata Lot <@>, District Lot 6494, Leasehold Strata Plan <@>

3. NATURE OF INTEREST:*	DOCUMENT REFERENCE	PERSON ENTITLED TO INTEREST
DESCRIPTION	(page and paragraph)	
Assignment of Lease <@>	Entire Instrument	Transferee

4. **TERMS:** Part 2 of this Instrument consists of (select one only)

- (a) Filed Standard Charge Terms D.F. Number ST030101
- (b) Express Charge Terms Annexed as Part 2
- (c) Release There is no Part 2 of this instrument

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument. If (c) is selected, the charge described in Item 3 is released or discharged as a charge on the land described in Item 2.

5. **TRANSFEROR(S):***

<@>

6. **TRANSFeree(S):** (including postal address(es) and postal code(s)):

<@>

7. **ADDITIONAL OR MODIFIED TERMS:*** SEE SCHEDULE

8. **EXECUTIONS:**** This instrument creates, assigns, modifies, enlarges, discharges or governs the priority of the interest(s) described in Item 3 and the Transferor(s) and every other signatory agree to be bound by this instrument, and acknowledge(s) receipt of a true copy of the filed standard charge terms, if any.

Officer Signatures(s)	Execution Date	Transferor(s) Signature(s)									
_____	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">Y</td> <td style="width: 33%; text-align: center;">M</td> <td style="width: 33%; text-align: center;">D</td> </tr> <tr> <td style="text-align: center;"><@></td> <td style="text-align: center;"><@></td> <td style="text-align: center;"><@></td> </tr> <tr> <td style="text-align: center;"><@></td> <td style="text-align: center;"><@></td> <td style="text-align: center;"><@></td> </tr> </table>	Y	M	D	<@>	<@>	<@>	<@>	<@>	<@>	_____ _____
Y	M	D									
<@>	<@>	<@>									
<@>	<@>	<@>									
(As to both signatures)		<@>									

OFFICER CERTIFICATION:
 Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

*If space insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.
 **If space insufficient, continue executions on additional page(s) in Form D.

LAND TITLE ACT
FORM D

EXECUTIONS CONTINUED

Officer Signatures(s)	Execution Date			Party Signature(s)
	Y	M	D	
	<@>	<@>	<@>	
_____ Print name and Address				_____ <@>
Solicitor/Notary Public (As to all signatures)				_____ <@>

OFFICER CERTIFICATION:

Your signature constitutes a representation that you are a solicitor, notary public or other person authorized by the *Evidence Act*, R.S.B.C. 1996, c. 124, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act as they pertain to the execution of this instrument.

7. ADDITIONAL OR MODIFIED TERMS:

- (a) In consideration of the sum of \$~~0~~ paid by the Purchaser to the Vendor (the receipt and sufficiency of which is hereby acknowledged by the Vendor), 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 to the payment to the University of the rent reserved in the Lease, to the performance and observance of the covenants on the part of the Lessee to be performed and observed, and the conditions contained in the Lease, all in so far as the same relate to the Strata Lot.
- (b) The University hereby consents to this assignment.

THE UNIVERSITY OF BRITISH COLUMBIA

Authorized Signatory
Name:

END OF DOCUMENT

This is the Addendum "B" referred to in section 16.2 of the Model Strata Lot Lease

STANDARD CHARGE TERMS

Filed by: Richards Buell Sutton LLP
700 - 401 West Georgia Street
Vancouver, BC V6B 5A1

Filing No. 030101

These Standard Terms are deemed to be included in and form part of every Assignment of Lease which incorporates them in a General Instrument - Part 1.

ASSIGNMENT OF LEASE

DEFINITIONS

In this Assignment of Lease:

- (a) "Assignment Form" means the Form C under the Land Title (Transfer Form) Regulations (British Columbia), as amended from time to time, which refers to these filed standard charge terms and is executed by the Purchaser and all schedules and addenda attached to such Form C;
- (b) "Ground Lease" means that certain ground lease registered in the Vancouver Land Title Office under the number set out in Item 3 of the Assignment Form;
- (c) "Lands" means the lands described in the Ground Lease;
- (d) "Lease" means the model strata lot lease attached to the Ground Lease;
- (e) "Original Lessee" means the lessee named in the Ground Lease;
- (f) "Purchaser" means the person or persons described in Item 6 of the Assignment Form as the transferee;
- (g) "Strata Lot" means all of the estate, right, title and interest of the Vendor in and to the land described or referred to in Item 2 of the Assignment Form;
- (h) "University" means The University of British Columbia a British Columbia University created pursuant to the *University Act*, and having an office at Room 107, Old Administration Building, 6328 Memorial Road, Vancouver, British Columbia, V6T 2B3;
- (i) "Vendor" means the person or persons described in Item 5 of the Assignment Form as the transferor.

WHEREAS:

A. By the Ground Lease the University, as lessor, did demise and lease the Lands to the Original Lessee, as lessee, on the terms and conditions contained in the Ground Lease;

B. The Lands have been subdivided into strata lots by the deposit of a leasehold strata plan in the Land Title Office in accordance with the provisions of the *Strata Property Act*, S.B.C. 1998, Chapter 43 and the *Land Title Act*, R.S.B.C. 1996, Chapter 250 and the Registrar has issued in the name of the University, as registered owner in fee simple, new certificates of title to each of the strata lots shown upon the leasehold strata plan;

C. The deposit of the leasehold strata plan converted the Ground Lease into individual leases in the name of the Original Lessee, or its assignee if the Ground Lease had been assigned before such deposit, in respect of the interest of the Original Lessee or its assignee, in each strata lot including its share in the common property, at a rent, premium or other consideration, and subject to the applicable terms and conditions contained in the Ground Lease and in the Lease and to the provisions of the said *Strata Property Act* and the regulations thereto;

D. The Vendor, at the request of the Purchaser, has agreed to assign to the Purchaser the Vendor's interest in the Strata Lot for all the residue now unexpired of the said term of the Lease subject to the rent reserved in the Lease 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.

E. The University hereby consents to this assignment.

NOW THIS ASSIGNMENT WITNESSETH as follows:

1. For valuable consideration paid by the Purchaser to the Vendor (the receipt and sufficiency of which is hereby acknowledged by the Vendor), 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 to the payment to the University of the rent reserved in the Lease, to the performance and observance of the covenants on the part of the lessee to be performed and observed, and the conditions contained in the Lease, all in so far as the same relate to the Strata Lot.

2. The Purchaser covenants with the Vendor and the University and each of them that the Purchaser shall during all the residue now unexpired of the term of the Lease and every renewal thereof perform and observe the covenants on the part of the lessee to be performed and observed and the conditions contained in the Lease as fully and effectually as if the Lease contained a separate demise of the Strata Lot at the rent referred to in the Lease.

3. The Purchaser covenants with the Vendor and the University and each of them to indemnify both the Vendor and the University and each of them against all actions, suits, costs, expenses, charges, damages, losses, claims and demands for or on account of non-payment of the rent referred to in the Lease and the non-performance or non-observance of the said covenants and conditions, so far as the same relate to the Strata Lot.

4. The Vendor covenants with the Purchaser that the Lease is a valid and subsisting lease, that the covenants, provisos and conditions thereof on the part of the lessee have been duly performed and observed up to the date hereof, that the Vendor is entitled to grant this assignment, that subject to the payment of the rent referred to in the Lease 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 University shall at all times hereafter at the request and cost of the Purchaser, execute such further assurance in respect of this Assignment as the Purchaser may reasonably require.

5. The Purchaser acknowledges to the Vendor and the University that the Purchaser has had the opportunity to read the contents of the Ground Lease including the Lease attached thereto.

6. The University hereby releases and forever discharges the Vendor from and against all obligations coming due or arising under the Lease from and after the closing of this assignment of the Vendor's interest in the Strata Lot to the Purchaser, it being understood and agreed that the Vendor shall remain liable to the University for all obligations coming due or arising under the Lease up to the date of such closing.

7. It is hereby agreed by the parties hereto that this assignment shall enure to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns, respectively.

END OF DOCUMENT

This is the Addendum "C" referred to in section 17.4 of the Model Strata Lot Lease

THIS AGREEMENT made the _____ day of _____, 20____

BETWEEN:

(hereinafter called the "Lessee")

OF THE FIRST PART

AND:

(hereinafter called the "Mortgagee")

OF THE SECOND PART

AND:

THE UNIVERSITY OF BRITISH COLUMBIA, a British Columbia University created pursuant to the *University Act*, and having an office at Room 107, Old Administration Building, 6328 Memorial Road, Vancouver, British Columbia, V6T 2B3

(hereinafter called the "University")

OF THE THIRD PART

WHEREAS:

A. By a ground lease dated for reference the _____ day of _____, 20____ (hereinafter called the "Ground Lease"), and registered in the Vancouver Land Title Office (the "LTO") under registration number _____, on the terms and conditions therein contained, the University, as lessor, did demise and lease to _____, (the "Original Lessee"), as lessee, those lands in the Province of British Columbia, more particularly known and described as:

Parcel Identifier _____
Lot _____
Block _____
District Lot _____
Plan _____

(hereinafter called the "Lands");

B. By an Assignment of Lease made the ____ day of _____, 20____, and registered in the LTO under registration number _____, the Original Lessee did assign to _____ (the "Vendor") all of its interest in the Lands and the Ground Lease for

all the residue now unexpired of the term of the Ground Lease, and subject to the terms and conditions therein contained.

C. The Lands have been subdivided into strata lots by the deposit of a leasehold strata plan in the LTO in accordance with the provisions of the *Strata Property Act*, S.B.C. 1998, Chapter 43, and the *Land Title Act*, R.S.B.C. 1996, Chapter 250 and the Registrar has issued in the name of the University, as registered owner in fee simple, new certificates of title to each of the strata lots shown upon the leasehold strata plan;

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

E. The Vendor has assigned its interest in strata lot _____, Leasehold Strata Plan BCS _____ (hereinafter called the "Leased Premises"), to the Lessee;

F. By an indenture of mortgage (hereinafter called the "Mortgage") made the ____ day of _____, 20____, between the Lessee as Mortgagor, and the Mortgagee, and registered in the Vancouver Land Title Office under No. _____ the Lessee did demise and assign by way of mortgage unto the Mortgagee all the Lessee's right, title and interest in the Leased Premises under the Lease to secure a loan in the sum of _____ dollars (\$_____); and

G. The Mortgagee is a "Mortgagee", as defined under Section 1.1 of the Lease and desires to have every opportunity to protect its interest and security;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and of the sum of One Dollar (\$1.00) now paid by each of the Mortgagee, the University and the Lessee to the others (the receipt of which is hereby acknowledged by each of the parties):

1. The University covenants and agrees with the Mortgagee that the University:
 - (a) will not accept a surrender of the Lease, in whole or in part, without the prior written consent of the Mortgagee, not to be unreasonably withheld; and
 - (b) will not agree to any modification or amendment to the Lease:
 - (i) which may adversely affect the Mortgagee's security without the prior written consent of the Mortgagee, such consent not to be unreasonably withheld (provided that if, the Mortgagee has neither provided its consent nor advised the University in writing within forty-five (45) days of receipt of a request from the University for its consent, that it will not provide its consent, the Mortgagee will be deemed to have consented to the modification or amendment), or
 - (ii) which does not materially adversely affect the Mortgagee's security without giving the Mortgagee seven (7) days prior written notice.
2. The Lessee acknowledges and represents to the Mortgagee that it has entered into possession of the Leased Premises pursuant to the terms of the Lease.
3. The University covenants and agrees to grant and provide to the Mortgagee all rights, assurance and notice afforded under the terms of the Lease to a "Mortgagee", as defined in the Lease, and, without limiting the generality of the foregoing, all remedies afforded a "Mortgagee" under the Lease.

4. The University and the Lessee mutually covenant and agree, at any time and from time to time, upon not less than thirty (30) days prior request by the Mortgagee, to execute, acknowledge and deliver to the Mortgagee a statement in writing certifying that:

- (a) the Lease is unmodified and in full force and effect or if there have been modifications that same is in full force and effect as modified and identifying the modifications;
- (b) the dates to which the rent and other charges payable under the Lease have been paid, provided that the request specifies with particulars the charges in respect of which such information is required; and
- (c) to the best of the knowledge of the maker of the statement, without having conducted any searches or made any particular enquiries, the other party to the Lease is not in default under the provisions of the Lease, or, if in default, the particulars thereof.

5. If the Mortgagee acquires title to the Lessee's interest in the Leased Premises, the Mortgagee covenants and agrees to attorn as tenant under the Lease pursuant to the terms thereof for so long as it remains tenant and has not assigned the balance of the Term and hereby acknowledges that it has had the opportunity to read the Lease and upon attorning as tenant under the Lease shall adopt the covenants and agreements of the Lease on the part of the Lessee to be performed and observed as though such provisions were incorporated in and formed a part of this agreement provided that the provisions of this Section 5 shall not limit or affect the University's rights to re-enter, seek an Order for Sale, terminate or forfeit the Lease if the Mortgagee fails to comply with the requirements of Section 17.3 of the Lease. If the Mortgagee complies with the requirements of this Section 5 and Section 17.3 of the Lease, the Mortgagee shall be given and afforded the right, privileges and benefits of the Lessee under the Lease.

6. If the Lessee and the University cannot agree as to any matters regarding the Lease and they decide that the resolution of that matter is to be determined by arbitration pursuant to the arbitration provisions of the Lease, the Mortgagee shall be given adequate notice of such arbitration proceedings and if in the reasonable opinion of the Mortgagee, such proceedings affect its mortgage security, the Mortgagee shall be given a reasonable opportunity by the Lessee and the University to participate in the arbitration proceedings if the Mortgagee consider such proceedings may affect its mortgage security.

7. If the Mortgagee shall have fully cured any default in the payment of any Rent (as defined in the Lease) or any other amount required to be paid by the Lessee under the Lease and shall continue to pay currently such monetary obligations as and when the same fall due then if the Mortgagee is prohibited, by any process or injunction issued by any court by reason of any action by any court having jurisdiction over any proceeding involving the Lessee, from commencing or prosecuting foreclosure or other appropriate proceedings of the nature thereof or from obtaining possession of the Leased Premises, then the time specified in Section 17.3 of the Lease for commencing or prosecuting such foreclosure or other proceedings or for curing defaults other than payment of Rent (as defined in the Lease) or any other amount required to be paid by the Lessee under the Lease shall be extended for the period of such prohibition or injunction.

8. If the Mortgagee has cured all defaults and contingencies of which the Mortgagee has received notice from the University under Section 17.3 of the Lease, then it shall be entitled to permit the Lessee to continue as tenant of the Leased Premises unless the Mortgagee has acquired the right, title and interest of the Lessee in the Leased Premises under the Lease, in which case the provisions of Section 5 hereof shall apply. For the purposes of this clause the events contemplated by Article 18 of the Ground Lease shall not constitute a default or contingency.

9. This Agreement shall be deemed to terminate and be of no further force and effect at such time as the Mortgage has been paid in full, has been terminated or released in accordance with the terms and conditions therein contained, or has been released or discharged from the Leased Premises.

10. The Mortgagee covenants and agrees that subject to the provisions of Section 17.3 of the Ground Lease, all of the rights of the Mortgagee, whether statutory or at common law, shall be subject to the rights of the University under the Ground Lease.

11. This Agreement shall enure to the benefit of and shall be binding upon the parties hereto, and their respective successors and assigns.

IN WITNESS WHEREOF this Agreement has been executed on the day, month and year first above written.

SIGNED, SEALED AND DELIVERED by _____ and _____ in the presence of: _____
Witness Signature _____
Address _____
Occupation (as to both signatures) _____

THE COMMON SEAL of _____ was hereunto affixed in the presence of: _____
Authorized Signatory _____
Authorized Signatory _____

c/s

THE UNIVERSITY OF BRITISH COLUMBIA by its authorized signatory: _____
Authorized Signatory _____

This is the Addendum "D" referred to in
section 27.1 of the Model Strata Lot Lease

DAMAGE OR DESTRUCTION

Section 27.1 Rent not to abate

The partial destruction or damage or complete destruction by fire or other casualty of the Buildings shall not terminate this Lease or entitle the Lessee to surrender possession of the Strata Lot or to demand any abatement or reduction of the Basic Rent or Additional Rent or other charges payable under this Lease, any law or statute now or in the future to the contrary notwithstanding.

Section 27.2 Lessee's obligations when Buildings damaged or partially destroyed

The Strata Corporation and the Lessee covenant and agree with the Lessor that, in the event of damage to or partial destruction of the Buildings, the Strata Corporation and the Lessee subject to the Site Specific Development Controls, Development Handbook, Design Guidelines, the Zoning Regulations, the Approval Process/Submission Requirements and UBC's Rules and Regulations and/or other government regulations governing development on the Lands at such time 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 Lessee with the Lessor, or
- (b) repair or replace such damage or destruction, in the absence of any such agreement.

Section 27.3 Lessee's obligations when Buildings completely or substantially destroyed

The Strata Corporation and the Lessee covenant and agree with the Lessor that, in the event of complete or substantially complete destruction of the Buildings, the Strata Corporation and the Lessee, subject to the Site Specific Development Controls, Development Handbook, Design Guidelines, the Zoning Regulations, the Approval Process/Submission Requirements and UBC's Rules and Regulations and/or other government regulations governing development on the Lands at such time, 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 Lessee with the Lessor, or
- (b) in the absence of any such agreement, replace the Buildings with a new structure or structures, comparable to the structure or structures being replaced which shall cost not less than approximately the amount of the insurance monies payable and paid by reason of such destruction.

Section 27.4 Replacement, repair or reconstruction under section 27.2 or 27.3 to be carried out in compliance with sections 8.2 and 9.1

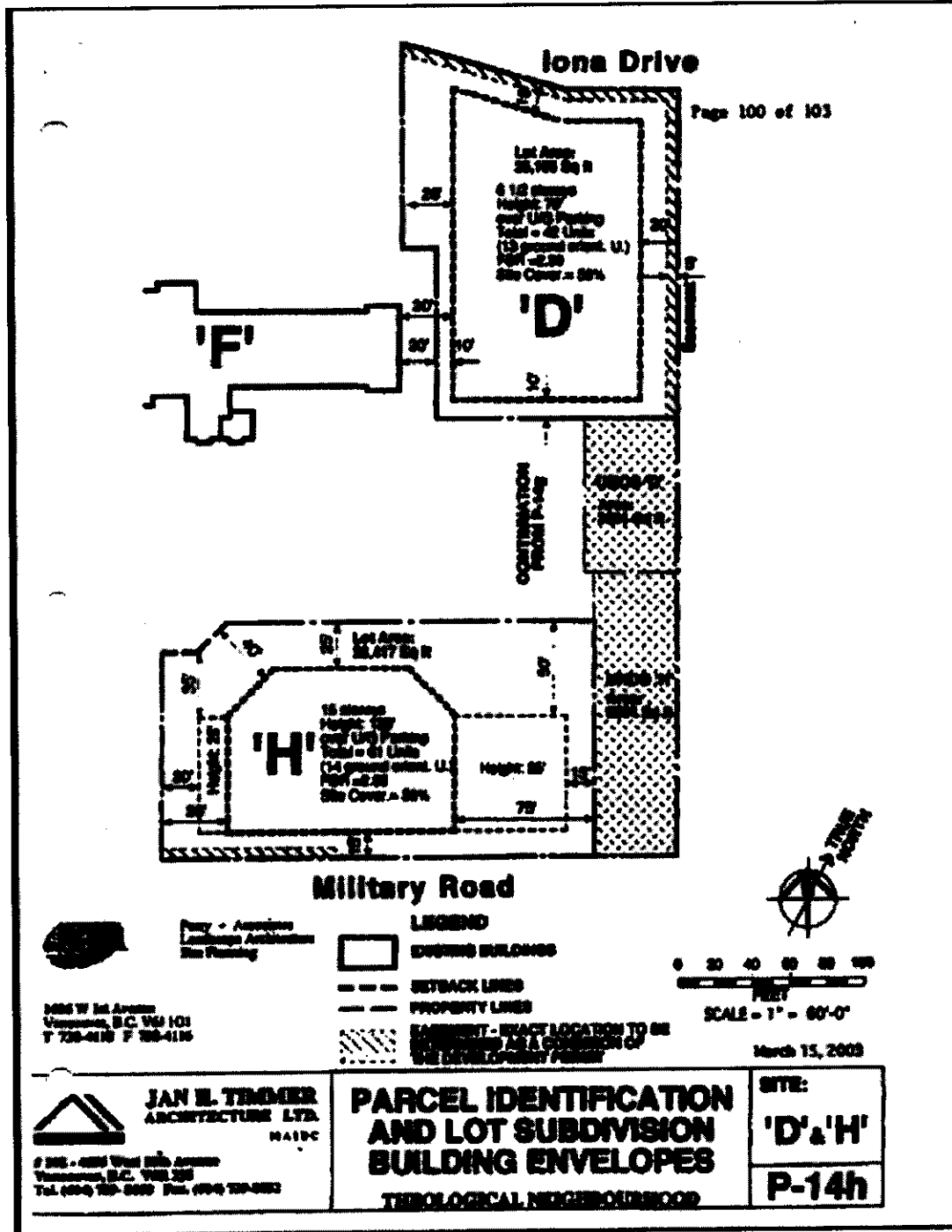
Any replacement, repair or reconstruction of the Buildings or any part thereof pursuant to the provisions of section 27.2 or 27.3 hereof shall be made or done in compliance with the provisions of Articles 5, 8 and 9 of this Lease.

This is the Addendum "E"
of the Model Strata Lot Lease

SITE SPECIFIC DEVELOPMENT CONTROLS

The Site Specific Development controls are as set forth on pages 55 through 58 inclusive of this Model Strata Lot lease.

Notwithstanding anything else set out in this Lease, if any thing in these Site Specific Development Controls is inconsistent with or in conflict with the Development Permit issued in respect of the Lands, then the terms set out in the Development Permit issued for the Lands will take precedence.



SITE H

TN6 Development Area Additional Site Specific Requirements

1 INTENT

- 1.1 The intent of the TN6 Development Area is to permit medium-density and high density residential development, including townhouses and high-rise apartment housing with underground parking, consistent with the requirements in the U.B.C. Handbook.

2 SITE AREA

- 2.1 The minimum area for a lot in Site 'H' shall comply with the lot areas as illustrated in Plan P-14h.

3 FRONT YARD

- 3.1 A front yard setback, measured from the property line abutting Military Road, shall be provided on Site 'H' as illustrated in Plan P-14h.
- 3.2 An easement shall be dedicated within the front yard setback of Site H, as illustrated in Plan P-14h. Exact location and detailing will be determined as a condition of the Development Permit.
- 3.3 Residential dwelling units on Site 'H' located within 4.5m of the south property line must orient the main entrances to front Military Road.
- 3.4 Covered patios are permitted to project into the front yard setback a maximum of 1.5m in accordance with the conditions outlined in the General Regulations section of this document.

4 REAR YARD

- 4.1 Rear yard setbacks, measured from the north property line abutting Lot 'F', shall be provided for site 'H' as illustrated in Plan P-14h.
- 4.2 Buildings or portions thereof less than 10.6m in height and facing the north property line or the north-west property line must orient the main entrances of residential dwelling units to face north or north-west as the case may be.

- 4.3 Covered porches are permitted to project into the rear yard setback to a maximum of 2.1m in accordance with the conditions outlined in the General Regulations section of this document.

5 SIDE YARD

- 5.1 Side yard setbacks, measured from the east and west property lines, shall be provided on Site 'H' as illustrated in Plan P-14h.
- 5.2 Buildings or portions thereof less than 10.6m in height and fronting the side yard setbacks from the east and west property lines must orient the main entrances of residential dwelling units to face UNOS 'H' or west, as the case may be.
- 5.3 Covered porches are permitted to project into the side yard setbacks to a maximum of 2.1m in accordance with the conditions outlined in the General Regulations section of this document.

6 HEIGHT

- 6.1 The height of all buildings on Site 'H', shall not exceed the height limits as specified in Plan P-14h. The height of the ground oriented podium portion of the building extending beyond the high rise envelope shall not exceed 7.6 m nor 2 storeys.

7 BUILDING ENVELOPE

- 7.1 The maximum floor plate of a typical floor of any tower above the first 2 storeys will be limited to 650 m² gross floor area (including elevator cores, stairs, enclosed balconies, etc. but excluding open balconies).
- 7.2 The floor plate area of the first 2 storeys of a principal building may be increased as indicated in Plan P-14h.
- 7.3 The uppermost 3 storeys of any building exceeding 3 storeys or 10.6m in height shall reduce the floor plate size to 90% of the maximum floor plate area of the typical floor area of the tower.

