



REPORT TO THE BOARD OF GOVERNORS

SUBJECT WESBROOK PLACE NEIGHBOURHOOD
AMENDED AND RESTATED DEVELOPMENT AGREEMENT

MEETING DATE SEPTEMBER 30, 2014

Forwarded to the Board of Governors on the
Recommendation of the President

**APPROVED FOR
SUBMISSION**

Arvind Gupta, President and Vice-Chancellor

Presented By Hubert Lai, Q.C., University Counsel

Report Date September 8, 2014

DECISION REQUESTED IT IS HEREBY REQUESTED that the UBC Board of Governors:

- (a) *approve the Amended and Restated Development Agreement for the Wesbrook Place Neighbourhood, substantially in the form presented to the Board, including the extension of the lease over the Remaining Original Lots (as defined therein) for a term expiring on December 31, 2030 and the grant of a lease over the BCR Lands (as defined therein) to UBC Properties Investments Ltd, as trustee of the UBC Properties Trust;*
- (b) *approve the amended forms of lease to be entered into by the University in accordance with the Amended and Restated Development Agreement, substantially in the forms presented to the Board, and as may be amended by the University Administration to satisfy the Ministry of Advanced Education's approval conditions;*
- (c) *authorize the execution of Amended and Restated Development Agreement for the Wesbrook Place Neighbourhood and the leases to be entered into by the University pursuant to the Amended and Restated Development Agreement for the Wesbrook Place Neighbourhood, by any two of the signatories identified in Signing Resolution No. 1 of the Signing Committee of the Board of Governors;*
- (d) *authorize the University Administration to obtain Ministerial approval pursuant to s. 50(2) of the University Act to grant the leases described above;*
- (e) *authorize the University Administration to obtain Ministerial approval to extend the application of the Order of the Minister of Advanced Education No. M162 to the BCR Lands (as defined in the Amended and Restated Development Agreement); and,*
- (f) *declare that the disposals of land described above will not affect the future delivery of educational programs.*

EXECUTIVE SUMMARY

On October 26, 2006, the University and UBC Properties Investments Ltd, in its capacity as trustee of the UBC Properties Trust, entered into a development agreement that gives UBC Properties authority to subdivide and service the lands comprising the Wesbrook Place Neighbourhood, and develop the lands in accordance with the Official Community Plan for UBC's Vancouver Campus, the Wesbrook Place Neighbourhood Plan and the terms of the development agreement.

To implement the development agreement, the University obtained approval from the Ministry of Advanced Education to grant the leases substantially in the forms filed with the Ministry.

The development agreement will effectively expire in Dec 31, 2016.

UBC Properties has developed 21 of the available lots in the Wesbrook Place Neighbourhood, leaving approximately 25 developments remaining. The projected timeline to complete the Wesbrook Place Neighbourhood is now 2030, which results from several factors, including market conditions, the density transfer and the additional lands added to the Wesbrook Place Neighbourhood by the 2011 Land Use Plan amendment (the result being a significantly higher density, approximately 100% more than contemplated in the Official Community Plan in place in 2006), and the desirability of coordinating the completion of the Wesbrook Place Neighbourhood with development activity in the Stadium Neighbourhood and the Village Centre Academic neighbourhood.

As a result of the need for an extension of the term of the agreement and the addition of the new lands to the neighbourhood, the opportunity is being taken to update and amend the agreement and the lease forms as necessary to facilitate the orderly, efficient and business-like development of the remaining development sites.

In addition, the opportunity is being taken to extend an existing Ministerial Order to the lands added to the Wesbrook Place Neighbourhood by the 2011 Land Use Plan amendments. This order permits the granting of certain rights to land (e.g. easements, rights of way and restrictive covenants) that facilitate servicing the lands, and development in accordance with the Wesbrook Place Neighbourhood Plan.

The proposed amendments to the development agreement and the forms of leases are being brought forward for approval now to ensure that all required approvals are obtained well before Dec 31, 2016. While Dec 31, 2016 appears distant, development of prepaid market housing moves in stages, with it taking as long as 13 months to proceed from signing an offer to lease to the grant of the leasehold interest. Given the time required to obtain all of the necessary approvals in the ordinary course, and in particular, the lengthy timelines for the necessary Ministerial approval, time is of the essence.

Place and Promise Ensure UBC’s economic sustainability by aligning resources with the University vision and deploying them in a sustainable and effective manner.

COMMITMENT(s) Create a vibrant and sustainable community of faculty, staff, students and residents.

Place and Promise Provide a solid financial foundation for long-term success through continuous improvement and active revenue management.

ACTION(s) Expand the vibrant, sustainable and affordable U-Town@UBC Community.

Implement the Wesbrook neighbourhood plan.

Description & Rationale On October 26, 2006, the University and UBC Properties Investments Ltd, in its capacity as trustee of the UBC Properties Trust, entered into a development agreement that gives UBC Properties authority to subdivide and service the lands comprising the Wesbrook Place Neighbourhood, and develop the lands in accordance with the Official Community Plan for UBC’s Vancouver Campus, the Wesbrook Place Neighbourhood Plan and the terms of the development agreement.

The terms of the development agreement identify which lots are to be developed as University Housing Rental, University Housing Codevelopment, market rental and prepaid market housing. The commencement date for all of the leases is to be no later than Dec 31, 2016, which reflects the then expected build-out date for the neighbourhood.

The Ministry of Advanced Education authorized the University to grant the leases contemplated in the development agreement provide that the leases be in the form filed with the Ministry.

The University Administration and UBC Properties seek to extend, update and amend the development agreement and the forms of lease to be granted pursuant to the development agreement. The amended forms of agreement are attached.

Part 1: Amendments to the Development Agreement

The detailed reasons for the extension and amendment of the development agreement are necessary as a result of the following:

1. **MEVA:** In June 2010, the Province of British Columbia passed Part 10 of the *Municipalities Enabling and Validating Act (No. 3)* (MEVA). This legislation gives the Minister of Community, Sport and Cultural Development the authority to adopt a land use plan for UBC’s Vancouver campus, and for so long as a land use plan is adopted:
 - the Greater Vancouver Regional District’s authority over land use does not apply to UBC’s Vancouver Campus, and
 - the UBC Board of Governors must ensure that all land use decisions (including regarding changes in use of land, buildings and structures, and alterations, construction and renovations of buildings and structures) are not inconsistent with the land use plan.

The development agreement needs to be updated to replace references of the prior land use governance regime, with the new regime under MEVA.

2. **Additional lands and transferred density - Land Use Plan amendments:** In June 2010, the Minister adopted a land use plan for UBC's Vancouver Campus. The land use plan has been amended twice since (March 1, 2011 and August 27, 2012). The 2011 amendments, *inter alia*:
- expanded the Wesbrook Place Neighbourhood by adding the former BC Research Lands, which are referred to in the development agreement as the BCR Lands; and
 - transferred the developable floor space from other lands into the Wesbrook Place Neighbourhood.

The amendments to the Land Use Plan and the resulting amendments to the Wesbrook Place Neighbourhood Plan are reflected in the amended development agreement by a formal lease of the new lands to UBC Properties, and by reflecting the new density allocations for the remaining development lots.

3. **Necessary extension of development timelines:** The development agreement will, effectively, expire on Dec 31, 2016. UBC Properties has, for the reasons set out below, estimated that full build-out of the Wesbrook Place Neighbourhood will be achieved in approximately 2030*. The expiry date of the development agreement needs to be amended accordingly. The timing of this request is driven by the fact it can take up to 13 months from the date that the offer to lease is entered into with a third-party developer, to the date that the University grants the leasehold interest. If the development agreement is not extended prior to November 2015, UBC Properties' ability to enter into transactions will be impacted. Given the lengthy timelines for the necessary Ministerial approval of the leases, the University Administration considers time to be of the essence.

*The 2030 expiry date results from:

- UBC Properties' opinion of market conditions, including the substantial increase in competition from the City of Vancouver, where building in 2013 was 60% higher than in 2011;
- 2011 Land Use Plan amendments, which expanded and transferred density into the neighbourhood, which has resulted in approximately 100% more density than permitted in the Official Community Plan in place in 2006; and
- the desirability of coordinating the remaining Wesbrook Place Neighbourhood developments with the commencement of development in the Stadium Neighbourhood and continuing development the Village Centre Academic neighbourhood (identified as University Boulevard in the Vancouver Campus Plan).

4. **Confirming that UBC Properties may be a lessee of market housing lots:** The development agreement grants UBC Properties a leasehold interest over all of the land in the Wesbrook Place Neighbourhood, which is referred to as a “lease en bloc”. The agreement states that UBC Properties must sell and cannot retain the right to develop the lots identified for prepaid market housing. However, the most effective way of utilizing the land may be for UBC Properties to lease the lot pursuant to a market housing ground lease (rather than pursuant to the “lease en bloc”). Examples of such circumstances are:
- to implement UBC Board-approved housing initiatives, such as the Restricted Resale Capped Appreciation program (a part of the University’s Housing Action Plan’s Home Ownership Program), and any other initiatives that may arise in the future;
 - to facilitate the servicing and the construction of shared facilities between a lot being developed, and a future development site (e.g. shared driveways and pathways); or
 - for UBC Properties to lease an undeveloped lot to meet accounting, financing or other business needs.
5. **Miscellaneous Updates.** The amendments to the development agreement will also bring the agreement up to date by reflecting the current business and operations of the University (and in particular, Campus and Community Planning) and UBC Properties, and the development activity that has occurred between 2006 and 2014. In particular it will:
- reflect the manner in which UBC Properties pays rent for the “lease en bloc” in each of the various development scenarios;
 - reflect the expanded role of Campus and Community Planning as regulator of development on campus;
 - confirm that UBC Properties may change the designation of lots so long as the re-designation is a change from one accepted form of development to another accepted form, and the development complies with all applicable land use regulations; and
 - reflect the completion of portions of the Wesbrook Place Neighbourhood, including:
 - 21 completed development lots, well as various completed parks and green streets, and approximately 25 projects to come,
 - the completion of the servicing of the lands originally granted in 2006, and
 - the payment by UBC Properties of the rent to be paid under the original development agreement.

Part 2: Amendments to the Forms of Lease

There are four forms of leases in use pursuant to the development agreement: University Housing Rental, University Housing Codevelopment, market rental and prepaid market housing.

The amendments to these four forms of leases are necessary as a result of the following:

1. **Need for flexibility in establishing construction commencement and completion dates:** The market housing and Codevelopment leases currently approved by the Minister each require that construction commence within six months of the lease's commencement, and be complete within two years of the lease's commencement. The amended forms of leases will provide the University the flexibility to establish the timeline for commencement of construction, which is required, mainly, for two reasons:
 - To allow the University and UBC Properties to establish construction schedules on a case-by-case basis, taking into account various relevant factors, including:
 - the size of the development (the larger the project, the more time is required to commence and complete construction);
 - construction sequencing, and
 - financing, marketing and other business considerations (including, for example, lender mandated pre-sale thresholds).
 - To allow UBC Properties to enter into leases in advance of active development of a particular site (for the reasons described in the section 4 above).
2. **Necessary and advisable housekeeping revisions.** As UBC Properties has negotiated leases with third party developers, and reviewed the leases with the University, with representatives of the University Neighbourhoods Association and community members, certain minor additions and revisions have been identified as necessary or advisable to make, including:
 - **Confirmation of the use of the Services Levy:** These changes provide greater clarity that the Services Levy collected from residents may be used to pay for the cost of supplying utilities. A concern was raised that the existing language limited the University to using the Services Levy only for the construction and maintenance of utility infrastructure.

- **Right to Cure:** This addition provides the University, in its capacity as the landlord, with a right common in leases to enter upon the leased premises to cure a default by the lessee. This right may only be exercised after the University has given the lessee 60 days' notice, which is normally sufficient time for the lessee to correct the default. The most likely scenarios where this clause would be utilized are breaches of the land use governance requirements, and in particular the Building Code and Development Handbook; and breaches of maintenance standards (e.g. regarding landscaping).
- **Assignment and Assumption of encumbrances and benefits:** It is common for each development lot to be subject to and benefit from easements and covenants that are registered on title to the lot. The current clause dealing with this is worded broadly. The changes clarify that the lessee must comply with, and shall obtain the benefit of, such easements and covenants.
- **Optional Covenant for Pathway:** To implement the Wesbrook Place Neighbourhood Plan, the Development Permit Board has the prerogative to make the issuance of a development permit subject to the developer constructing and the lessee maintaining a public pathway on the lot. A clause containing a covenant to construct, repair and maintain such pathway has been added to the lease to confirm this obligation, when it is required by the Development Permit Board.
- **Refined language regarding Handicap Stalls:** The market housing lots contain a clause that must be included in the bylaws of the building's strata corporation. In response to feedback from strata corporations, this language has been refined.
- **Amendment to Tri-partite Agreements:** Lessees obtain financing to acquire their leasehold interests. Their lenders file mortgages upon the lessee's leasehold interest. In each instance, the lender requires the University and the lessee/borrower enter into an agreement (called a tri-partite agreement) whereby the University, as landlord, grants the lender a reasonable opportunity to protect their security in the event that the lessee breaches the terms of the lease. In the course of negotiating numerous tripartite agreements and ever-evolving lending requirements, the need for amendments to the template tripartite agreement has been identified.
- **CHMC Required Changes:** The Canadian Mortgage and Housing Corporation (CMHC) provides insurance for certain mortgages granted to fund rental residential and commercial developments. CMHC has required changes be made to the terms of the tri-partite agreements. These changes confirm CMHC's rights to foreclose, use and transfer the lease, upon an uncured default by the lessee.

Part 3 – Extension of Ministerial Order M162

Pursuant to the University Act, all dispositions of land by the University must be approved by the Minister of Advanced Education. This rule means that grants of any interest in land must be approved, including the easements, rights of way and restrictive covenants common and necessary to service land with utilities (water, electricity, gas, cable, telephone) as well the rights granted between neighbouring lots for joint access and shared facilities.

As a result of the lengthy timelines for obtaining such approvals from the Ministry, the University Administration obtained Ministerial Order M162, which granted the University permission to obtain grant a range of easements, rights of way and restrictive covenants. The permission is geographically limited to the Wesbrook Place Neighbourhood, as it was prior to the 2011 amendments to the Land Use Plan, which added the lands known as the BC Research lands to the Wesbrook Place Neighbourhood.

The rights granted by Ministerial Order M162 will be necessary for the development of the BC Research lands.

The University Administration wishes to take this opportunity to present the Ministry with a comprehensive package of amendments regarding the development of the Wesbrook Place Neighbourhood. Therefore, it is recommended that the Board authorize the University Administration to seek the extension of Ministerial Order M162 to the BC Research Lands.

FINANCIAL Funding Sources, Impact on Debt Ratios	The amendments proposed here will enable UBC Properties to perform according to its business plan.
SCHEDULE Implementation Timeline	Upon Board approval, the University Administration will submit a request for Ministerial approval to the Ministry of Advanced Education, as soon as practicable.
CONSULTATION Relevant Units, Internal & External Constituencies	The proposed amendments implement the provisions of the Land Use Plan, which were approved by the Board on January 13, 2011 and June 12, 2012.
ADDITIONAL MATERIALS	The following forms of agreement are attached: <ul style="list-style-type: none"> - Attachment 1 – Amended and Restated Development Agreement for the Wesbrook Place Neighbourhood - Attachment 2 - Ground Lease with Model Strata Lot Lease Attached - Attachment 3 - Co-Development Ground Lease with Model Strata Lot Lease Attached - Attachment 4 - University Rental Housing / Commercial Lease - Attachment 5 - CMHC Version of the University Rental Housing / Commercial Lease - Attachment 6 – Ministerial Order M162

**UBCPT
COMMENTS**

Complete for all reports that include a property component

Date of Review:

[Redacted]

Signed Off
by:

[Redacted]

UBC Properties has reviewed and approved the content of this Board report, and support's the proposed Board resolutions.

Previous Report Date

May 23, 2006

Decision

That approval is hereby granted to enter into Master Agreements with UBC Properties Trust in respect of lands in South Campus.

Action / Follow Up

N/A

Amended and Restated Development Agreement for
the Wesbrook Place Neighbourhood

**AMENDED AND RESTATED DEVELOPMENT AGREEMENT
FOR THE WESBROOK PLACE NEIGHBOURHOOD**

THIS AGREEMENT dated for reference August 31, 2014

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA, a British Columbia university created pursuant to the University Act, and having an office at Room 240, Old Administration Building, 6328 Memorial Road, Vancouver, British Columbia, V6T 2B3

(the "**University**")

AND:

UBC PROPERTIES INVESTMENTS LTD., a British Columbia company duly incorporated under the British Columbia Business Corporations Act, having an office at Suite 200 - 3313 Shrum Lane, Vancouver, British Columbia, V6S 0C8, as trustee for **UBC Properties Trust**

("Properties")

WHEREAS:

- A. The University and Properties have entered into a development agreement made as of the 26th day of October, 2006 (the "**Original Development Agreement**") in respect of the lands that are situate in what was then described as the north east sub area of the south campus lands (the "**Original Lands**").
- B. The parties wish to amend and restate the Original Development Agreement on the terms set out in this Agreement.
- C. The University is the registered owner of the Original Lands and the BCR Lands (defined below), which together are now known as the Wesbrook Place Neighbourhood in the University's Land Use Plan.
- D. The Original Lands have been serviced and subdivided by Properties pursuant to the terms of the Original Development Agreement.
- E. The University has granted registered leases of the subdivided lots listed in Schedule A to this Agreement (the "**Leased Lots**") to third party developers or Properties, or alternatively Properties has entered into agreements to grant registered leases of the Leased Lots, as the case may be, pursuant to the terms of the Original Development Agreement.
- F. The subdivided lots listed in Schedule B to this Agreement (the "**Remaining Original Lots**") are development lots that are not yet the subject of registered leases or agreements to grant registered leases and remain as vacant land. Until they are ready to be developed, some of the Remaining Original Lots and other lots in the Wesbrook Place Neighbourhood are under temporary licenses granted by Properties to the holders of registered leases and others for ancillary uses such as construction staging, parking, sales centres and the

like, and for community-orientated uses, such as temporary district energy centres and recreational uses.

G. There are other lots in the Wesbrook Place Neighbourhood that are set aside for parks, green streets and buffers which are not, and will not be, the subject of registered leases. These lots are included in Schedule A to this Agreement and are identified therein as "**park lots**". There are no other lots included in Schedule B to this Agreement.

H. The University has received approval from the Province of British Columbia to lease the Leased Lots and the Remaining Original Lots for terms of not more than 99 years by way of an Order of the Minister of Advanced Education, being Ministerial Order No. M 212 dated September 27, 2006 (the "**Original Ministerial Order**"), a copy of which is attached as Schedule C to this Agreement.

I. In the Original Development Agreement, the University leased the Original Lands to Properties en bloc. Such lease en bloc became an individual lease of each separate lot upon the subdivision effected by Properties and as shown in the Original Development Agreement.

J. There have been several re-subdivisions since the subdivision shown in the Original Development Agreement and Properties is, as at the date of this Agreement, in the process of further subdividing the Original Lands as described in subdivision plan EPP29484.

K. Upon the approval of an amendment to the University's Land Use Plan adopted in March 2011, the land identified on Schedule D to the Agreement as the BCR Land (the "**BCR Land**") was added to the Wesbrook Place Neighbourhood. Schedule E to this Agreement identifies the development lots that form a part of the BCR Land, as Lots BCR 2 through 7 inclusive (the "**BCR Lots**").

L. The parties intend that the BCR Land be added to the Lands that are subject to this Agreement, and the Remaining Original Lots and the BCR Lots shall be referred to collectively as the "**Remaining Lots**".

M. Attached as Schedule F to this Agreement is a composite plan showing the lot numbers and Land Title Office plan numbers that have been given or will be given to the Leased Lots and the Remaining Original Lots, and the lot numbers for the BCR Lots that are yet to be subdivided.

N. The Schedules attached to this Agreement are:

- (i) Schedule A - List of the Leased Lots.
- (ii) Schedule B - List of the Remaining Original Lots.
- (iii) Schedule C - The Original Ministerial Order.
- (iv) Schedule D - Map of the BCR Land.
- (v) Schedule E - List of the BCR Lots.
- (vi) Schedule F - Composite Plan that identifies the Leased Lots, and Remaining Original Lots by Plan Number and the BCR Lots that are yet to be subdivided by the prefix BCR followed by the lot number.

NOW THEREFORE THIS AGREEMENT WITNESSETH that for good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

ARTICLE 1 - LEASES

1.1 **Defined Terms.** In this Article 1 of this Agreement, the following terms shall have the meanings set forth below:

- (a) **"Appraisal Surplus"** means the difference between:
 - (i) the fair market value, as determined on an income basis by a qualified appraiser appointed by Properties and the University, within 60 days of completion, of a development constructed by Properties on a Remaining Lot, other than a Capped Appreciation Development, and
 - (ii) Properties' total cost of such development, including soft costs, but excluding servicing costs;
- (b) **"Capped Appreciation Development"** means a residential development that is intended to be for persons that qualify to participate in the Restricted Resale Capped Appreciation option of the University's Faculty Home Ownership Program as it may be amended from time to time;
- (c) **"Codeveloper's Basic Rent"** means the fair market rental value for residential purposes of a Remaining Lot to be used for a University Housing Codevelopment, as determined by the Board of Directors of Properties, acting reasonably;
- (d) **"Interest"** means interest on the amount of Properties' Term Rent owing from time to time for all of the Remaining Lots at the Interest Rate;
- (e) **"Interest Rate"** means that rate of interest per annum which is equal to the rate of interest per annum designated by the University's main banker from time to time as its prime rate of interest in effect from time to time;
- (f) **"Properties' Term Rent"**, means the rent to be paid by Properties to the University on each Remaining Original Lot as set out in Schedule B to this Agreement and on each BCR Lot as set out in Schedule E to this Agreement, in each case based on a value of \$1,309,000 per acre;
- (g) **"Third Party Developer's Basic Rent"** means the fair market rental value of a Remaining Lot in a market sale as agreed to between Properties and a third party developer;
- (h) **"University Housing"** means residential dwellings or buildings that are intended to be occupied by University Users;
- (i) **"University Housing Codevelopment"** means a residential development that is intended to be for University Users where the basic rent in the ground lease is determined pursuant to subparagraph 1.18(a) and the University Users are the developers; and

- (j) **"University User"** includes people working on the University's Vancouver Campus, whether or not they are employed by the University, and students of the University.

1.2 **Leased Lots.** The University and Properties hereby agree that the lease en bloc of the Leased Lots contained in the Original Development Agreement, which became an individual lease of each Leased Lot upon subdivision and re-subdivision, is deemed to have been surrendered and of no further force or effect:

- (a) in respect of any roads shown on any of the subdivision plans, from and after the time and date that the subdivision plans were filed in the Land Title Office; and
- (b) in respect of each of the leases of the Leased Lots granted by the University to the lessees named in such leases, from and after the commencement date of each such lease.

1.3 **Rent Already Paid.** The University acknowledges that Properties has fully paid to the University the rent that was due and owing pursuant to the Original Development Agreement for the Leased Lots and that no additional rent is, or will become, due and owing to the University as a result of entering into this Agreement with respect to the Leased Lots.

1.4 **Remaining Original Lots.** The University and Properties hereby agree that the lease en bloc of the Remaining Original Lots in consideration of the Properties' Term Rent is hereby ratified and confirmed.

1.5 **Extension of Expiry Date for Leases of Remaining Original Lots.** Subject to the University first receiving, by November 30, 2016, an order from the Minister of Advanced Education (the **"Second Ministerial Order"**) approving the extension of the lease en bloc of the Remaining Original Lots, the date on which the term of such lease expires is hereby extended from December 31, 2016, being the date set out in Section 1.02 of the Original Development Agreement, until December 31, 2030.

1.6 **Lease En Bloc of BCR Land.** The University hereby agrees to, and does hereby, lease the BCR Land en bloc to Properties in consideration of the Properties' Term Rent on the terms set out in this Agreement, subject to the University first receiving, by November 30, 2016, an order from the Minister of Advanced Education (the **"Third Ministerial Order"**) (for clarity, the Second Ministerial Order and the Third Ministerial Order may be contained in one order from the Minister of Advanced Education, hereinafter either or both orders are referred to as the **"Ministerial Order"**) approving:

- (a) the dedication of any roads that are necessary as a result of such subdivision;
- (b) the granting of the lease en bloc of the BCR Land for a term commencing on the date of the Ministerial Order and terminating on December 31, 2030; and
- (c) the granting of an Individual Lease or Individual Leases of the BCR Lots for terms of not more than 99 years.

1.7 **Surrender of Lease En Bloc of BCR Land.** Upon the granting of an Individual Lease of each BCR Lot upon subdivision, the lease en bloc of the BCR Land is deemed to have been surrendered and of no further force or effect:

- (a) in respect of any roads shown on any of the subdivision plans, from and after the time and date that the subdivision plans were filed in the Land Title Office; and
- (b) in respect of each of the Individual Leases of the BCR Lots granted by the University to the lessees named in such Individual Leases, from and after the commencement date of each such Individual Lease.

1.8 **Individual Leases.** The University agrees to grant a separate lease of each Remaining Lot (the “**Individual Lease**” or “**Individual Leases**”) as directed from time to time by Properties. The term of each Individual Lease shall commence on the date that Properties shall decide, so long as such date is no later than December 31, 2030.

1.9 **Delivery of Lease.** The University agrees to, from time to time, execute and deliver to Properties each of the Individual Leases within seven days of receiving a request in writing therefor. Subject to the end date set out in paragraph 1.7 above, the commencement date inserted into each Individual Lease shall be such day as is decided by Properties.

1.10 **Form of Lease.** The form of each Individual Lease for the Remaining Lots shall be substantially in the forms of lease that are approved by the Ministerial Order.

1.11 **Rights granted to Properties.**

The University and Properties hereby agree that:

- (a) For those Remaining Lots designated as being for University Housing rental, Properties shall retain those Remaining Lots and shall construct the University Housing. For greater certainty, it is acknowledged that Properties shall not be entitled to sell the right to develop those Remaining Lots.
- (b) For those Remaining Lots designated as being for Capped Appreciation Development, Properties shall be entitled, at its option, to either retain those Remaining Lots to develop itself or through a related entity or, if the University and Properties decide not to proceed with a Capped Appreciation Development for a particular Remaining Lot, to change the Remaining Lot's designation pursuant to paragraph 1.12 below, and to either retain or sell the right to develop such Remaining Lot.
- (c) For those Remaining Lots designated as being for University Housing Codevelopment, market rental housing, prepaid market housing, or mixed commercial and residential use, Properties shall be entitled, at its option, to either retain those Remaining Lots itself or through a related entity or to sell the right to develop.

1.12 **Change in Designation.** The Board of Directors of Properties may, after taking into account market conditions, the preferred order of development and other factors it considers relevant, change the designation of any of the Remaining Lots; provided however, such change must be in keeping with the Land Use Plan, the Wesbrook Place Neighbourhood Plan and the housing goals of the University.

1.13 **Interest on Properties' Term Rent.** Interest shall accrue on the unpaid Properties' Term Rent for all Remaining Lots from time to time, on a simple interest basis, at the Interest Rate, from the date of this Agreement or such other date as Properties and the University shall agree in writing.

1.14 **Payment of Properties' Term Rent for Remaining Lots Retained by Properties.** For those Remaining Lots designated as being for University Housing rental or for University Housing Codevelopment, market rental housing, prepaid market housing, or mixed commercial and residential use for which Properties has elected to retain itself or through a related entity, Properties' Term Rent owing in respect of such Remaining Lots shall be satisfied as follows:

- (a) upon completion of construction of Properties' development on such Remaining Lot, Properties shall receive a credit on account of unpaid Properties' Term Rent and Interest on that Remaining Lot, equal to the Appraisal Surplus on that Remaining Lot;
- (b) if there is a balance owing for unpaid Properties' Term Rent and Interest on that Remaining Lot, such balance shall be paid within 60 days thereafter, unless the University consents in writing to such balances being paid from the Appraisal Surplus on other Remaining Lots to be developed for University Housing rental or from excess Codeveloper's Basic Rents or Third Party Developer's Basic Rents on other Remaining Lots; and
- (c) if there is a surplus, after payment in full of unpaid Properties' Term Rent and Interest on that Remaining Lot by applying the credit for the Appraisal Surplus, such surplus shall be applied:
 - (i) first, against Properties' Term Rent and Interest owing on the other Remaining Lots, and
 - (ii) second, against Properties' Term Rent and Interest owing pursuant to the development agreements in force with respect to the other neighbourhood areas on the Campus referred to in the University's Land Use Plan, so long as there are no adverse tax consequences to Properties as a result of so doing;

it being understood and agreed that, when all Properties' Term Rents and Interest owing under this Agreement, and all other development agreements in force with respect to the other neighbourhood areas on the Campus referred to in the University's Land Use Plan, have been paid in full, that no further credits will be owing by the University to Properties with respect to any unapplied existing Appraisal Surplus or any future Appraisal Surplus.

1.15 **Payment of Properties' Term Rent for Capped Appreciation Development.** For those Remaining Lots designated as being for Capped Appreciation Development which Properties has elected to retain for itself or through a related entity, on the closing of the sale of an Individual Lease in a market sale, the land component from the sale proceeds received by Properties, as determined by the Board of Directors of Properties, acting reasonably, on such closing shall be applied as follows:

- (a) first, to pay to the University any unpaid Interest in respect of Properties' Term Rent owing on the Remaining Lot subject to such Individual Lease;
- (b) second, to pay to the University any unpaid Properties' Term Rent owing on the Remaining Lot subject to such Individual Lease; and

- (c) third, to pay any Interest and Properties' Term Rent on the balance of the Remaining Lots, so long as there are no adverse tax consequences to Properties as a result of so doing.

1.16 **Proceeds on the Sale of Right to Develop.** For those Remaining Lots designated as being for University Housing Codevelopment, Capped Appreciation Development, market rental housing, prepaid market housing, or mixed commercial and residential use, for which Properties has elected to sell the right to develop, on the closing of the sale of an Individual Lease in a market sale, either the Codeveloper's Basic Rent or the Third Party Developer's Basic Rent, as the case may be, received by Properties on such closing shall be applied as follows:

- (a) first, to reimburse Properties proportionately, in respect of the Remaining Lot which is the subject of the Individual Lease, whichever is the greater of:
 - (i) for the costs associated with planning and servicing the Westbrook Place Neighbourhood, or
 - (ii) alternatively, to permit Properties to pay to any lender in respect of a loan obtained to finance the cost of such servicing, an amount sufficient to obtain a partial discharge of any mortgage of the lease contained in this Agreement in respect of such Remaining Lot;
- (b) second, to pay to the University any unpaid infrastructure impact charges in respect of the Remaining Lot subject to such Individual Lease;
- (c) third, to pay to the University any unpaid Interest in respect of Properties' Term Rent owing on the Remaining Lot subject to such Individual Lease;
- (d) fourth, to pay to the University any unpaid Properties' Term Rent owing on the Remaining Lot subject to such Individual Lease; and
- (e) fifth, to pay any Interest and Properties' Term Rent on the balance of the Remaining Lots, so long as there are no adverse tax consequences to Properties as a result of so doing.

1.17 **Deadline for Payment of Properties' Term Rent.** Notwithstanding what is set out above with respect to the payment of Properties' Term Rent and Interest or any other provision contained in this Agreement, all unpaid Properties' Term Rent and Interest shall become due and be paid on December 31, 2030, unless the University agrees in writing to the contrary.

1.18 **Basic Rent for Individual Leases.** Each of the Individual Leases shall have inserted into them as basic rent:

- (a) for a Remaining Lot to be used for University Housing Codevelopment, the Codeveloper's Basic Rent;
- (b) for a Remaining Lot to be sold to third party developers, the Third Party Developer's Basic Rent;
- (c) for all other Remaining Lots, the sum of \$1.00.

1.19 **Properties to Maximize Rent.** It is understood and agreed that Properties shall make every reasonable commercial effort to maximize the basic rent and any supplementary rent to be paid to Properties by third party developers.

1.20 **Priority to Faculty and Staff.** Properties agrees that it will use reasonable commercial efforts to, notwithstanding the definition of University User, give priority to persons who are faculty and staff for University Housing Codevelopment and University Housing rental projects. For Capped Appreciation Developments, Properties will only sell leasehold interests in strata lots to persons who are identified by the University as qualified to purchase such leasehold interests pursuant to the Restricted Resale Capped Appreciation option of the University's Faculty Home Ownership Program, as amended from time to time, or such other persons who may be approved by the University in accordance with the Faculty Home Ownership Program.

1.21 **Orderly Development.** Properties agrees that the leases of the Remaining Lots will be sold in a sequence that will permit the orderly development and build out of the Wesbrook Place Neighbourhood.

1.22 **Compliance with Land Use Regulations.** The developments on all of the Remaining Lots shall be constructed by either Properties or the other developers, as the case may be, in accordance with:

- (a) the University's Land Use Plan;
- (b) the Wesbrook Place Neighbourhood Plan;
- (c) the University's Land Use Rules, including the approval process for non-institutional development set out in the University's Development Handbook; and
- (d) the development controls that apply from time to time to lands situate on the University's Vancouver Campus generally and to the Wesbrook Place Neighbourhood in particular;

all as amended from time to time.

ARTICLE 2 - FURTHER SUBDIVISION

2.1 **Initial Subdivision Completed.** The University acknowledges that Properties has completed, with the University's approval, the initial subdivision of the Lands required by the Original Development Agreement and several resubdivisions of the lots created by the initial subdivision and that a further resubdivision of a number of Original Lands is in progress.

2.2 **Ongoing Subdivision.** Properties agrees that it shall, at its cost, forthwith proceed to complete the resubdivision of such Original Lands substantially in the form of Plan No. EPP29484, with such amendments as may become necessary to satisfy the requirements of the Ministry of Transportation, or as the University and Properties shall decide, acting reasonably.

2.3 **Subdivision of BCR Land.** Properties agrees that it shall, at its cost, forthwith proceed to complete the subdivision of the BCR Land in accordance with the subdivision plan approved by the University and the time lines set out in Properties long term business plan, as amended from time to time.

2.4 **University to approve Subdivision.** The University agrees that it will sign all necessary authorizations and plans to permit Properties to have such Original Lands resubdivided as shown on Plan No. EPP29484 and to permit the BCR Land to be subdivided.

ARTICLE 3 - SERVICES

3.1 **Services Completed.** The University acknowledges that Properties has completed, with the University's approval, the on-site and off-site services and all required interconnections that were required to be completed in connection with the Original Development Agreement (the "**Original Development Agreement Services**") to permit the kind, quality and density of development contemplated in the Wesbrook Place Neighbourhood Plan at the time that the Original Development Agreement was entered into.

3.2 **BCR Land Services.** Properties shall, at its cost, construct, or cause to be constructed within the time lines set out in Properties long term business plan, as amended from time to time, the on-site and off-site services and all required interconnections for the BCR Land (the "**BCR Land Services**") which are necessary to permit the kind, quality and density of development contemplated for that part of the Wesbrook Place Neighbourhood Plan.

3.3 **Engineer to Design Plans.** Properties covenants and agrees that all of the BCR Land Services, except landscaping, shall be designed by a professional engineer (the "**Engineer**"), who shall be registered with the Association of Professional Engineers of British Columbia. The Engineer shall be retained by Properties to provide inspection services during all phases of the work. All plans and specifications for the BCR Land Services shall be prepared and sealed by the Engineer.

3.4 **Properties to Adhere to Engineer Plans.** Properties agrees to adhere in all respects to the contours, elevations and drainage patterns indicated on the lot grading plan or plans to be prepared by the Engineer.

3.5 **University May Complete at Properties Cost.** Properties agrees that if the BCR Land Services are not completed pursuant to paragraph 3.2 hereof, the University may complete the BCR Land Services at the cost of Properties and Properties shall also pay any additional administration fees or costs required. Properties will pay such fees and costs to the University immediately upon receipt of the University's invoice therefor. It is understood that the University may do such work by contractors engaged by the University for that purpose.

3.6 **Properties to Correct Defects.** It is understood and agreed that the intent of this Article 3 is that Properties shall construct fully completed BCR Land Services, and grant all necessary easements as shown in the plans and specifications to be prepared by the Engineer. The BCR Land Services shall function and operate in a satisfactory manner and should the BCR Land Services prove to be in any way defective or should they not operate satisfactorily, then Properties shall, at its own cost, modify and reconstruct the BCR Land Services so that the BCR Land Services shall be fully operative and function satisfactorily.

3.7 **Compliance with Transportation Requirements.** Throughout the construction of the BCR Land Services, Properties covenants and agrees to comply with the provisions of the *Transportation Act*, S.B.C. 2004, Chapter 44, and amendments thereto, and with any traffic and transportation requirements of the University and amendments thereto. Without limiting the generality of the foregoing, Properties further covenants and agrees not to deposit any material or debris upon any roads throughout the construction of the BCR Land Services. In the event that any material or debris should be deposited on any road during the construction of the BCR

Land Services, Properties covenants and agrees that the University may (so long as it has given seven days' notice in writing and Properties has not removed the material or debris within such seven days) forthwith arrange for the removal of such material or debris at the expense of Properties, the cost of such removal to be determined by the University. If the material or debris presents any danger to life or property and is not removed by Properties forthwith upon request by the University, the University may proceed to immediately remove such material or debris at the expense of Properties. Any invoice from the University for the removal of such material or debris shall be paid forthwith after receipt of same by Properties.

3.8 Original Covenants Satisfied. The University acknowledges and agrees that Properties has completed and fully satisfied its covenants set out in the Original Development Agreement to:

- (a) maintain the Original Development Agreement Services that have been built pursuant to the Original Development Agreement in complete repair for a period of one year from completion of each phase thereof; and
- (b) remedy any defects occurring within a period of one year from the date of such completion of the Original Development Agreement Services and pay for any damage to other work or property resulting therefrom, save and except for defects caused by reasonable wear and tear, negligence of the University, its servants or agents, or acts of God.

3.9 Final As-built Drawings. Properties shall submit to the University the final as-built drawings of the Original Development Agreement Services as constructed and as accepted by the University.

3.10 Properties to Pay Fees. Properties agrees to pay to the University reasonable processing fees and inspection and engineering fees incurred by the University in connection with the BCR Land Services and the cost of connecting all utilities to service the BCR Land.

3.11 Indemnity. Properties covenants and agrees to save harmless and effectually indemnify the University against:

- (a) all actions and proceedings, costs, damages, expenses, claims and demands whatsoever and by whomsoever brought by reason of the construction of the BCR Land Services;
- (b) all expenses and costs which may be incurred by reason of the execution of the BCR Land Services resulting in damage to any property owned in whole or in part by the University which the University by duty or custom is obliged, directly or indirectly, in any way or to any degree, to construct or repair or maintain;
- (c) all expenses and costs which may be incurred by reason of a lien for non-payment of labour or material, workmen's compensation assessments, unemployment insurance, and for encroachments owing to mistakes in survey.

3.12 Permission Granted to Properties. The University hereby covenants and agrees with Properties to permit Properties to perform all of the work necessary to complete the BCR Land Services upon the terms and conditions herein contained.

3.13 University Covenants. The University covenants and agrees that:

- (a) upon receipt of a notice in writing from Properties that the BCR Land Services are completed in accordance with this Agreement, it will forthwith inspect the BCR Land Services and if the BCR Land Services are so completed issue a completion certificate signed by a duly authorized representative of the University specifying the date of completion, and
- (b) upon satisfactory completion by Properties of all of the covenants and conditions in this Article 3, and without limiting the generality of the foregoing, including maintaining the works constructed pursuant to this Agreement, in complete repair for a period of one year, to provide upon request a Certificate of Acceptance of the BCR Land Services, signed by a duly authorized representative of the University, and upon such production Properties shall be relieved from all liability under this Agreement.

ARTICLE 4 -GENERAL

4.1 **Entire Agreement.** This Agreement, including the Schedules hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and there are no representations, warranties, terms, conditions, undertakings or collateral agreements (express, implied or statutory) between the parties with respect to the matter hereof other than as expressly set forth in this Agreement, the Original Development Agreement being of no further force or effect.

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

IN WITNESS WHEREOF the parties hereto have executed this Agreement as a Deed and have hereunto set their respective seals in the presence of their duly authorized officers.

THE UNIVERSITY OF BRITISH COLUMBIA by its authorized signatories:

Authorized Signatory

Authorized Signatory

UBC PROPERTIES INVESTMENTS LTD.
as trustee for UBC Properties Trust by its authorized signatories:

Authorized Signatory

Authorized Signatory

Schedule A – Leased Lots

**Lots that are the subject of leases registered in the land title office
or which are under agreements to grant leases**

	Lot No	Project Name	Strata Plan No	Registration Number GL	Original Developer	No of Units	Lease Term	Start Date	End Date	Basic Rent	Date Rent Paid in Full
1.	1, Plan BCP 26848	The Wesbrook	BCS3567	BA578463	South Campus 2A Holdings Ltd.	65 Residential Units (including 7 Townhouses) 18 Storey Building and 3 Storey Building	99 years	November 30, 2006	November 29, 2105	Fully Prepaid	November 30, 2006
2.	2, Plan BCP 26848	Sage	BCS4265	BB147050	Kenstone-Rize Alliance (Wesbrook) Projects Inc.	115 Residential Units (including 7 Townhouses) 18 Storey Building and 2 Storey Building	99 years	December 20, 2007	December 19, 2106	Fully Prepaid	December 20, 2007
3.	3, Plan BCP 26848	Academy	EPS1813	CA2454965	Polygon Academy Homes Ltd.	156 Residential Units (including 7 Townhouses) 18 Storey Building and Three 3 Storey Buildings	99 years	March 27, 2012	March 26, 2111	Fully Prepaid	March 27, 2012
4.	4, Plan BCP 26848	Park Lot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5.	6, Plan BCP 26848	Binning Tower	Not yet filed	CA3053327	Wall Centre (Point Grey) Nominee Ltd.	217 Residential Units 22 Storey Building	99 years	March 28, 2013	March 27, 2112	Fully Prepaid	March 28, 2013
6.	7, Plan BCP 26848	Park Lot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7.	9, Plan BCP 26848	Pathways	BCS2694	BA577948	Pathways Adera Projects Ltd.	109 Residential Units Two 4 Storey Buildings	99 years	November 30, 2006	November 29, 2105	Fully Prepaid	November 30, 2006

	Lot No	Project Name	Strata Plan No	Registration Number GL	Original Developer	No of Units	Lease Term	Start Date	End Date	Basic Rent	Date Rent Paid in Full
20.	37, Plan BCP 30252 (to become Lot 10 EPP29484)	Park Lot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21.	38, Plan BCP 30252	Park Lot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
22.	39, Plan BCP 30252 (now Lot 2, Plan BCP 36592, to become Lot 5 EPP29484)	Park Lot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
23.	Remainder Lot 39, Plan BCP 30252	Park Lot	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24.	42, Plan BCP 30252 (now Lot 3, Plan BCP 36592)	Pacific	BCS 3736	BB0786513	Pacific Spirit Co-Development Company (Wesbrook Place) Ltd.	91 Apartments 4 Storey Building	99 years	June 1, 2009	May 31, 2108	Fully Prepaid	June 1, 2009
25.	44, Plan BCP 30252 (now Lot F, Plan BCP 35352)	Community Space	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
26.	45, Plan BCP 30252 (part to become Lot 2 Plan EPP29484)	Park Lot									
27.	45, Plan BCP 30252 (part to become Lot 3 Plan EPP29484)	Village Green	Not yet filed	CA2894143	0954909 B.C. Ltd.(UBC Properties Trust)	36 Residential Units 6-Storey Building	99 years	November 15, 2012	November 14, 2111	Fully Prepaid	November 15, 2012
28.	46, Plan BCP 30252 (now Lot D, Plan BCP 35352)	Yu at Wesbrook Place	EPS807	BB1970959	Modern Investment Group (Canada) Ltd.	106 Residential Units and 1 Strata Lot for "Institutional Use" ; 6 Storey Building	99 years	July 12, 2011	July 11, 2110	Fully Prepaid	Last Payment Made by December 1, 2013

	Lot No	Project Name	Strata Plan No	Registration Number GL	Original Developer	No of Units	Lease Term	Start Date	End Date	Basic Rent	Date Rent Paid in Full
29.	47, Plan BCP 30252 (now Lot C, Plan BCP 35352)	MBA House (Student Residential Building)	N/A	BB1221754	UBC Properties Investments Ltd. as Trustee for UBC Properties Trust	81 Residential Units and Commercial Spaces 4 Storey Building	99 years	August 2, 2009	August 1, 2108	Fully Prepaid	August 2, 2009
30.	Part of Subdivided Lot 48, Plan BCP 26848 (now Lot A, Plan BCP 35352)	Granite Terrace	N/A	BB131358	UBC Properties Investments Ltd. as Trustee for UBC Properties Trust	69 Rental suites and 8 Townhomes, a Food Store, a Restaurant, Retail and Office Spaces 4 and 3 Storey Buildings	99 years	October 1, 2007	September 30, 2106	Fully Prepaid	October 1, 2007
31.	Part of Subdivided Lot 48, Plan BCP 26848 (now Lot B, Plan BCP 35352)	Mews	N/A	BB1681984	UBC Properties Investments Ltd. as Trustee for UBC Properties Trust	72 Residential Units and 18 Ground Floor Retail Units 5 Storey Building	99 years	September 1, 2009	August 31, 2108	Fully Prepaid	September 1, 2009
32.	49, 50 and 10 Plan BCP26848 (now Parcel A, Plan BCP 33333)	Tapestry (Senior's Site)	BCS3867	BB1661585 (ground lease registered under number BB620870 surrendered and replaced with BB1661585 & BB1661584)	Concert Properties (UBC Seniors Residence) Ltd.	134 Residential Rental Units for Seniors and 6 Non-Residential Rental Units 6 Storey Building	99 years	January 1, 2008	December 31, 2106	Fully Prepaid	January 1, 2008
33.	Airspace Parcel 1, Airspace Plan BCP 44718 of Part of Parcel A, Plan BCP 33333	Tapestry (Senior's Site)	BCS3915	BB1661584 (ground lease registered under number BB620870 surrendered and replaced with BB1661585 & BB1661584)	Concert Properties (Tapestry West) Ltd.	46 Residential Units 7 Storey Building	99 years	January 1, 2008	December 31, 2106	Fully Prepaid	January 1, 2008

E. & O.E.

Schedule B - List of Remaining Original Lots

	LOT NO.	SITE DESIGNATION	LAND USE	FSR	MAX. NO. OF STOREYS	ESTIMATED NO. OF UNITS	SITE AREA	RENT
PLAN BCP26848								
1.	5	Held for Future Development	High-Rise Residential/ Townhome	3.5	20 & 3	185	0.456 Ha	\$1,475,243
2.	8	Held for Future Development	High-Rise Residential/ Townhome	3.5	22, 5 & 4	240	0.587 Ha	\$1,899,359
3.	15	Held for Future Development	High-Rise Residential/ Townhome	3.5	20, 5 & 4	332	0.818 Ha	\$2,645,489
4.	18 ¹	Held for Future Development	Faculty & Staff Rental	2.8	6	96	0.261 Ha	\$844,305
5.	19 ¹	Held for Future Development	Low-Rise Residential	2.8	6	138	0.363 Ha	\$1,174,173
6.	20 ¹	Held for Future Development	Low-Rise Residential	3.5 if developed alone, 2.8if developed with Lot 20	5	100	0.354 Ha	\$1,145,375
7.	21 ¹	Held for Future Development	High-Rise Residential/ Townhome	3.5	20	200	0.356 Ha	\$1,151,920

	LOT NO.	SITE DESIGNATION	LAND USE	FSR	MAX. NO. OF STOREYS	ESTIMATED NO. OF UNITS	SITE AREA	RENT
PLAN BCP30252								
8.	22		Faculty & Staff Rental				0.338 Ha	\$1,093,015
9.	23	Held for Future Development	Low-Rise Residential	2.8	6	120	0.368 Ha	\$1,189,881
10.	25 (to become Lot 8, Plan EPP29484)	Held for Future Development	Low-Rise Residential	2.8	6	235	0.722 Ha (0.723 Ha)	\$2,335,256 (\$2,339,183)
11.	26	Held for Future Development	Mid-Rise Residential	3.5	9	181	0.447 Ha	\$1,446,445
12.	27	Held for Future Development	Faculty & Staff Rental	2.8	6	91	0.278 Ha	\$899,283
13.	29	Held for Future Development	Faculty & Staff Rental	2.8	6	110	0.337 Ha	\$1,090,397
14.	33 (to become Lot 7, Plan EPP29484)		Low-Rise Residential	2.8	6	83	0.265 Ha (0.264 Ha)	\$857,395 (\$853,468)
15.	35 (to become Lot 11, Plan EPP29484)		Market Rental	2.8	6	165	0.621 Ha (0.507 Ha)	\$2,009,315 (\$1,640,177)

	LOT NO.	SITE DESIGNATION	LAND USE	FSR	MAX. NO. OF STOREYS	ESTIMATED NO. OF UNITS	SITE AREA	RENT
16.	40 (to become Lot 6, Plan EPP29484)		High-Rise Residential/ Townhome	3.5	14 & 6	197	0.743 Ha (0.480 Ha)	\$2,403,324 (\$1,552,474)
17.	Part of Subdivided 48 (now Lot E, Plan BCP 35352)	Held for Future Development	Market Rental/Retail	2.5	6	73	0.265 Ha	\$857,395
PLAN BCP36592								
18.	Lot 1, Plan BCP 36592)	Held for Future Development	Low-Rise Residential	2.8	5 & 6	124	0.467 Ha	\$1,510,586

E. & O.E.

★According to the August 31, 2014 Amended and Restated Development Agreement.

¹ These Lots are also listed on Schedule E (List of BCR Lots) as BCR Lots 1, 8 and 9. It is intended that they will be re-subdivided with the subdivision of BCR Lots.

SCHEDULE C

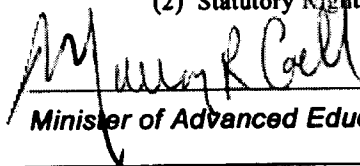
PROVINCE OF BRITISH COLUMBIA
ORDER OF THE MINISTER OF ADVANCED EDUCATION

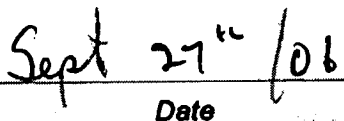
Ministerial Order No. **M 212**

I, Murray Coell, Minister of Advanced Education, hereby order that

- (a) approval is given to the University of British Columbia to dedicate, as may be required, a portion or portions of the Lands as highway under section 107 of the *Land Title Act*;
- (b) approval is given to the University of British Columbia to grant one or more leases for a term or terms of not more than 99 years over:
- (i) any or all of those portions of the Lands which remain after the dedication of highway referred to above in paragraph (a), and
 - (ii) those portions of the Lands which come to be owned by the University of British Columbia as a result of the closure of existing roads or highways,
- such leases to be substantially in the form of any of the University Commercial Premises Lease South Campus, the University Rental Housing Lease South Campus, the Ground Lease with Model Strata Lot Lease Attached for Co-Development Projects South Campus and South Campus Neighbourhood Ground Lease with Model Strata Lot Lease Attached, copies of which are on file with the office of the Deputy Minister of Advanced Education;
- (c) in paragraphs (a) and (b) of this order "Lands" means those lands located within the area shown bounded by heavy black line on the sketch plan prepared by Murray & Associates, and signed by David Liddle, B.C.L.S., a copy of which is attached hereto, the Lands being part of lands described as:

Parcel Identifier : 012-132-896
District Lot 6494, Group 1, New Westminster District
Except: Portions in
(1) Plans 11345, 18645, 21966, BCP5864 and BCP23588
(2) Statutory Right of Way Plan 20570.


Minister of Advanced Education


Date

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

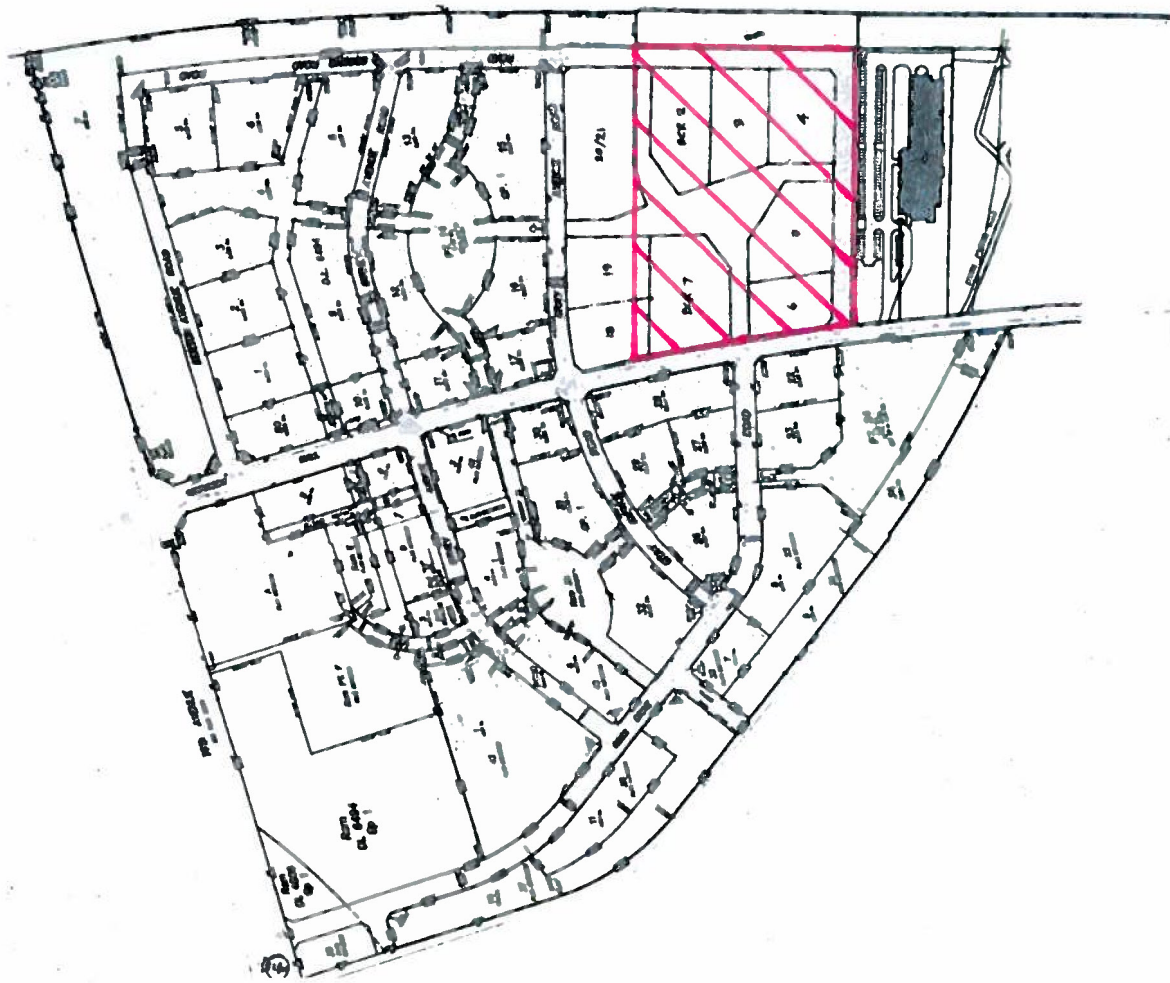
Act and section: University Act, section 50(2)(a)

Other (specify): _____

DRAFT

SCHEDULE D

Map of BCR Land



Schedule E – BCR Lots

	LOT NO.	SITE DESIGNATION	LAND USE	FSR	MAX. NO. OF STOREYS	ESTIMATED NO. OF UNITS	SITE AREA	RENT
PLAN BCP26848								
1.	BCR1 ¹ (currently Plan BCP26848 Lots 20 & 21)	Held for Future Development	High-Rise Residential/ Townhome	3.5	20 & 5	300	0.74 Ha. approx.	\$2,394,161
2.	BCR2	Held for Future Development	High-Rise Residential/ Townhome	3.5	18 & 5	224	0.55 Ha. approx.	\$1,778,931
3.	BCR3	Held for Future Development	High-Rise Residential/ Townhome	3.5	16 & 5	192	0.47 Ha. approx.	\$1,519,749
4.	BCR4	Held for Future Development	High-Rise Residential/ Townhome	3.5	14 & 5	179	0.44 Ha. approx.	\$1,422,883
5.	BCR5	Held for Future Development	High-Rise Residential/ Townhome	3.5	14 & 5	280	0.69 Ha. approx.	\$2,231,845
6.	BCR6	Held for Future Development	Non-market Rental	2.8	6	143	0.44 Ha. approx.	\$1,422,883
7.	BCR7	Held for Future Development	Mid-Rise Residential	3.5	9	205	0.51 Ha. approx.	\$1,649,340

	LOT NO.	SITE DESIGNATION	LAND USE	FSR	MAX. NO. OF STOREYS	ESTIMATED NO. OF UNITS	SITE AREA	RENT
8.	BCR8 ¹ (currently Plan BCP26848 Lot 18)	Held for Future Development	Non-Market Rental	2.8	6	96	0.30 Ha. approx.	\$969,969
9.	BCR9 ¹ (currently Plan BCP26848 Lot 19)	Held for Future Development	Non-Market Rental	2.8	6	138	0.42 Ha. approx.	\$1,358,742
10.	BCR10		Park Lot				0.9 Ha. approx.	\$2,911,216

E. & O.E.










★According to the August 31, 2014 Amended & Restated Development Agreement.

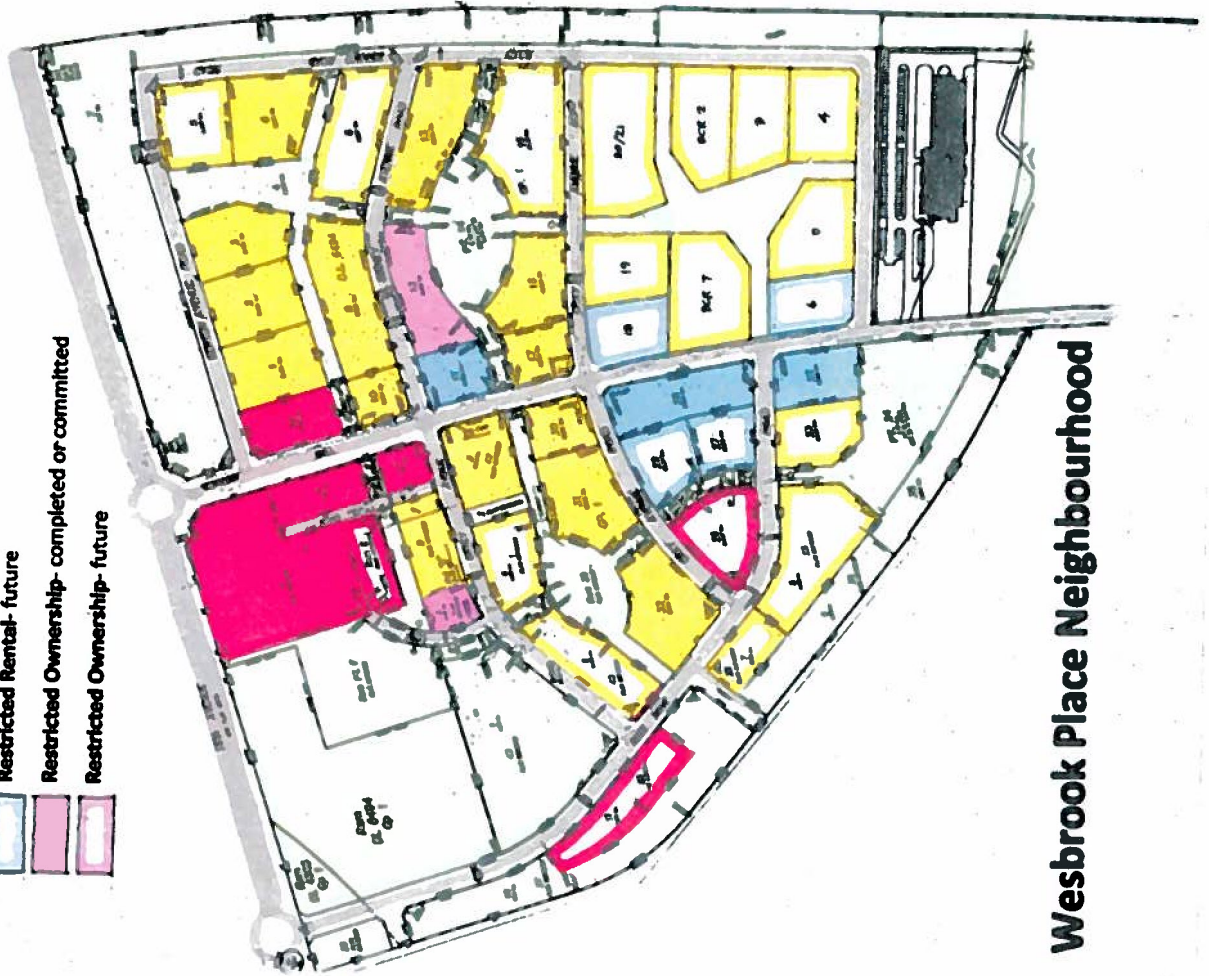
¹ These lots are also listed on Schedule B (List of Remaining Original Lots) as Lots 18, 19, 20 and 21. It is intended that they will be re-subdivided with the subdivision of the BCR Lots.

DRAFT

SCHEDULE F

Composite Plan

-  Open Space- parks, schools, community centre, greenways
-  Market Pre-Paid Lease- completed/committed/under const.
-  Market Pre-Paid Lease- future
-  Market Rental (incl. commercial)- completed
-  Market Rental (incl. commercial)- future
-  Restricted Rental- completed or committed
-  Restricted Rental- future
-  Restricted Ownership- completed or committed
-  Restricted Ownership- future



Wesbrook Place Neighbourhood

LAND TITLE ACT
FORM C
(Section 219.81)
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)

026-858-<@> Lot <@> District Lot 6494 Group 1 NWD Plan BCP<@>

3. NATURE OF INTEREST:* DESCRIPTION	DOCUMENT REFERENCE (page and paragraph)	PERSON ENTITLED TO INTEREST
Leasehold Estate	Annexed Instrument	Transferee

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

(a) Filed Standard Charge Terms

D.F. Number

(b) Express Charge Terms

X
Annexed as Part 2

(c) Release

There is no Part 2 to this instrument

A selection of (a) or (b) 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):***

THE UNIVERSITY OF BRITISH COLUMBIA

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

<@>, (Incorporation No. <@>), having an office at Suite <@> - <@> Street, Vancouver, B.C., <@>

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

N/A

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)
	Y	M	D	
_____	<@>	<@>	<@>	THE UNIVERSITY OF BRITISH COLUMBIA by its Authorized Signatory(ies): _____ Print Name: _____ Print Name:

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		
Y	M	D
<@>	<@>	<@>

<@> by its authorized signatories

Print Name and Address

Name:

Solicitor/Notary Public
(As to all signatures)

Name:

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.

TERMS OF INSTRUMENT - PART 2

GROUND LEASE

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA

AND:

<@>

RE: Parcel Identifier <@>
Lot <@>
District Lot 6494
Plan <@>

INDEX

ARTICLE	PAGE
ARTICLE 1 DEFINITIONS	6
ARTICLE 2 PAYMENT OF RENT	10
ARTICLE 3 PAYMENT OF TAXES, SERVICES, LICENSES AND PENALTIES	11
ARTICLE 4 CONSTRUCTION	14
ARTICLE 5 USE OF BUILDINGS	16
ARTICLE 6 INSURANCE	17
ARTICLE 7 REPAIRS AND MAINTENANCE	20
ARTICLE 8 DAMAGE OR DESTRUCTION	21
ARTICLE 9 REPLACEMENT, CHANGES, ALTERATIONS AND SUBSTITUTIONS	22
ARTICLE 10 UNAVOIDABLE DELAYS	23
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 RELEASE, INDEMNITY AND LIMITATION OF LIABILITY	25
ARTICLE 16 SUBLETTING AND ASSIGNING	27
ARTICLE 17 MORTGAGE	30
ARTICLE 18 BANKRUPTCY OF LESSEE	32
ARTICLE 19 DEFAULT BY LESSEE	34
ARTICLE 20 COVENANTS OF LESSOR	36
ARTICLE 21 ARBITRATION	36
ARTICLE 22 CERTAIN COVENANTS AND AGREEMENTS OF LESSEE	37
ARTICLE 23 SURRENDER OF LEASE	39
ARTICLE 24 QUIET ENJOYMENT AND OWNERSHIP OF TENANTS' FIXTURES	39
ARTICLE 25 OVERHOLDING	40
ARTICLE 26 CONVERSION OF GROUND LEASE UNDER <i>STRATA PROPERTY ACT</i>	40
ARTICLE 27 UNIVERSITY NEIGHBOURHOODS ASSOCIATION	41
ARTICLE 28 NOTICE	42
ARTICLE 29 MISCELLANEOUS	42

GROUND LEASE

THIS INDENTURE dated for reference the <@> day of <@>, 20<@>

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA, a British Columbia university created pursuant to the *University Act*, and having an office at Room 240, Old Administration Building, 6328 Memorial Road, Vancouver, British Columbia, V6T 1Z2

(hereinafter called the "**Lessor**")

OF THE FIRST PART

AND:

<@>, a company duly incorporated under the laws of the Province of British Columbia and having an office at <@>, Vancouver, British Columbia, <@> (Incorporation No. <@>)

(hereinafter called the "**Lessee**")

OF THE SECOND PART

WHEREAS the Lessor is the owner of the Lands (hereinafter defined), together with all improvements presently standing thereon;

AND WHEREAS the Lessor has agreed to lease to the Lessee the Lands for the Term (hereinafter defined) in order that the Lessee may erect the Buildings (hereinafter defined) on the Lands, convert this Lease under Section 203 of the *Strata Property Act* and use, occupy and enjoy the Lands and the Buildings erected thereon for the Term of this Lease, all upon the terms and conditions and subject to the provisos herein contained.

NOW THIS 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 Lands upon and subject to the conditions hereinafter expressed.

TO HAVE AND TO HOLD the Lands 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 respectively covenants and agrees to keep, observe and perform to the extent that the same are binding or expressed to be binding upon it.

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, 3.5, 3.7, 6.10, 6.12, 7.3 and 7.4 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, and any other applicable Land Use Rules;
- (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 27;
- (e) **"Basic Rent"** as of any particular time means the net basic rental provided for in this Lease as specified in ARTICLE 2 of this Lease;
- (f) **"Builders Lien Act"** means the *Builders 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 by or for the Lessee pursuant to the provisions of this Lease, including, without limitation, hard landscaping, together with all replacements, alterations, additions, changes, substitutions, improvements or repairs thereto 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) **"Commencement Date"** means the <@> day of <@>, 20<@>;
- (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*, but in its plural form;
- (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 Land Use Plan, Neighbourhood Plan, Site Specific Development Controls, the Development Handbook, and any other Land Use Rules

that 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 that 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) "**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;
- (q) "**Land Use Plan**" means the land use plan adopted by the Minister pursuant to the *Municipalities Enabling and Validating Act No. 3*, S.B.C. 2001, Ch. 44, for the Point Grey campus lands (within which the Lands are situate), as may be amended from time to time and any subsequent land use plan adopted from time to time;
- (r) "**Land Use Rules**" means the plans, policies, handbooks, guidelines, rules, regulations, bylaws and any other documents no matter how they are titled, adopted in accordance with policy(ies) passed by the Board of Governors of The University of British Columbia from time to time, including the Development Handbook and all other rules governing land use and the construction, renovation, maintenance, repair and replacement of buildings on the Campus and in the neighbourhood in which the Lands are situate;
- (s) "**Lands**" means those lands in the Province of British Columbia, more particularly known and described as Lot <@>, District Lot 6494, Group 1, NWD, Plan BCP<@>;
- (t) "**Leasehold Strata Plan**" means a strata plan deposited in the New Westminster 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 27;
- (v) "**Mortgage**" means a mortgage or mortgages upon or in respect of and specifically charging the leasehold interest of the Lessee in the Lands and the Buildings 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;
- (w) "**Mortgagee**" means a mortgagee or mortgagees under a Mortgage;
- (x) "**Neighbourhood Plan**" means the neighbourhood plan approved by The University of British Columbia for the neighbourhood in which the Lands are situate, and all amendments thereto whether made before or after the date of this Lease;
- (y) "**Owner**" shall have the same meaning as such expression is given under the *Strata Property Act*;
- (z) "**Penalty**" means a penalty, fine, cost, levy, imposition or other like charge;

- (aa) "**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;
- (bb) "**Rent**" means the Basic Rent, Additional Rent and any other amounts payable by the Lessee under this Lease;
- (cc) "**Services Levy**" means the charge levied by the Lessor to the Lessee pursuant to Section 3.3 of this Lease for (a) the supply of utilities, including without limitation, water, sewer, telephone, cable, electricity and gas; (b) the use, provision, maintenance and repair from time to time of certain services sometimes provided by municipalities or other public authorities, including without limitation, connections and lines for water, sewer, telephone, cable, electricity and gas; (c) the use, provision, maintenance and repair from time to time of all infrastructure installations, including without limitation, street lighting, sidewalks, curbs, gutters, roads, landscaping; (d) making available for use and maintaining and repairing from time to time open spaces and other public amenities; (e) providing other public services from time to time, including without limitation, traffic control, parking, noise control and pet control; and (g) the purpose of making the Levy Apportionment;
- (dd) "**Site Specific Development Controls**" means those site specific development controls attached to this Lease as Schedule "D" dealing with design, siting, zoning, building area and other issues and all amendments thereto whether made before or after the date of this Lease;
- (ee) "**Special Resolution**" means a special resolution passed by the Strata Corporation in accordance with the provisions of the *Strata Property Act*;
- (ff) "**Strata Corporation**" means the corporation created by the provisions of the *Strata Property Act* upon the deposit of the Leasehold Strata Plan in the New Westminster Land Title Office;
- (gg) "**Strata Lot**" means a strata lot shown as such on the Leasehold Strata Plan;
- (hh) "**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;
- (ii) "**Substantial Completion**" means substantial completion as defined in Section 4.2 of this Lease;
- (jj) "**Term**" means the 99 year period commencing on the <@> day of <@>, 20<@> and ending at 11:59 p.m. on the <@> day of <@>, 21<@>;
- (kk) "**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 assigns and each of its subsidiary, affiliated or associated corporations and all others for whose conduct The University of British Columbia is responsible in law;

- (ll) **"Trustee"** means a trust company duly authorized to carry on business in the Province of British Columbia appointed by the Lessor for the purposes of Sections 4.5 and 6.7;
- (mm) **"UBC's Rules and Regulations"** means those rules (including the Land Use 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;
- (nn) **"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 Wesbrook Mall and north of Agronomy Road;
- (oo) **"Unit Entitlement"** shall have the same meaning as such expression is given under the *Strata Property Act*;
- (pp) **"University Act"** means the *University Act*, R.S.B.C. 1996, Ch. 468 and amendments thereto, and
- (qq) **"Zoning Regulations"** means those parts of the Land Use Plan, the Neighbourhood Plan, the Site Specific Development Controls, the Development Handbook, and any other applicable Land Use Rules, 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, Land Use Rules, 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 eight 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 eight 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 eight 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;

- (g) Seventh, shall be any other Land Use Rules, and
- (h) Last, shall be any other of 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 PAYMENT OF RENT

2.1 Rent

- (a) The Lessee covenants and agrees to pay to the Lessor as Basic Rent the sum of \$<@> payable on or before the Commencement Date, and
- (b) The Lessor acknowledges receipt of a deposit in the amount of \$<@> which shall be applied towards the Basic Rent payment set forth in subsection 2.1(a) above.

2.2 Payments Generally

All payments by the Lessee to the Lessor of whatsoever nature required or contemplated by this Lease 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

Unless otherwise expressly stipulated herein to the contrary, all 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 Lands, the Buildings and any other improvements of the Lands or for any other matter or thing affecting the Lands, 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 Lands, the Buildings or any other improvements on the Lands and that the Lessee shall pay or cause to be paid all such taxes, charges, rates, assessments, expenses, costs, payments and out goings.

2.4 Interest on Amounts in Arrears

When the Rent 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 Lands, the Buildings, all other structures, all machinery, equipment, facilities and other property of any nature whatsoever thereon and therein which were due and payable during the Term within 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 Lands, the Buildings or any other structures, any machinery, equipment, facilities and other property of any nature whatsoever thereon and therein, forward a copy thereof to the Lessee. The Lessee shall have the right from time to time to appeal any assessment of the Lands or the Buildings 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.

The Lessee shall be responsible for the payments referred to in this Section 3.1 from the Commencement Date.

3.2 Payment of Taxes if Lessor is Exempt Therefrom

The Lessee covenants and agrees with the Lessor that if during the Term, the Lands, the Buildings, all other structures, all machinery, equipment and facilities and other property of any nature whatsoever, thereon and therein, are by the provisions of 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, the Buildings and all other structures, all machinery and equipment and facilities and other property of any nature whatsoever thereon and therein, and
- (b) after the passing of a rating by-law or rating by-laws (as the case may be) by the 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 Lands, the Buildings and all other structures, all machinery, equipment, and facilities and other property of any nature whatsoever thereon and therein as the said rate or rates of levy are applied to other taxpayers in the 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 Lands or Buildings 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.

The Lessee shall be responsible for the payments referred to in this Section 3.2 from the Commencement Date.

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*, S.B.C. 1953, Ch. 55. minus the Provincial rural service rate levied on the residential property class pursuant to the *Taxation (Rural Area) Act*, R.S.B.C. 1996, Ch. 448) times the net taxable value of the Lands and improvements, and if the net taxable value of the lands is nil, then times the assessed value of the Lands and Improvements, in both cases 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. Without limiting Section 1.1 (cc) (the definition of "Services Levy"), 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 27);
- (b) the supply of utilities, including without limitation, water, sewer, telephone, cable, electricity and gas;
- (c) the types of infrastructure and public amenities on the Campus referred to in the definition of Services Levy;
- (d) 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;
- (e) such other types of infrastructure and public amenities as municipalities, generally, may come to provide during the Term;
- (f) 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*, S.B.C. 1953, Ch. 55 to the Provincial rural service rate levied on the residential property class pursuant to the *Taxation (Rural Area) Act*, R.S.B.C. 1996, Ch. 448; and
- (g) without limiting the foregoing, any other services, facilities, amenities and activities as set out in any then current agreement between the Lessor and the University Neighbourhoods Association.

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. To the extent that the Landlord does not recover the cost of providing a service in any separate charge that is made therefor, the Landlord may recover the balance from the Services Levy collections.

3.4 Delinquent Taxes

If the Lessee shall in any year during the Term fail to pay the taxes under Sections 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 Payment of Utility Services

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 Lands and the Buildings throughout the Term and will indemnify and keep indemnified the Lessor from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such charges, and any such loss, costs, charges and expenses which relate to such charges suffered by the Lessor may be collected by the Lessor as Additional Rent with all rights of distress and otherwise as reserved to the Lessor in respect of rent in arrears.

3.6 Business Tax and License Fees

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 Lands 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.

3.7 Penalties Levied By The University of British Columbia

The Lessee covenants 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, Land Use Rules, UBC's Rules and Regulations, 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 CONSTRUCTION

4.1 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, Land Use Rules, 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, the Development Handbook and any other applicable Land Use Rules. 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

and 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.

4.2 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 Buildings are ready for occupancy.

For purposes other than subsection 4.3(b), Substantial Completion may be in respect of portions of the Buildings.

4.3 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 17.2;

- (a) Commencement of Construction of the Buildings shall take place on or before the day which is the <@> month anniversary of the Commencement Date, and
- (b) the Buildings, services and facilities shall be Substantially Completed in accordance with the requirements of Section 4.2 on or before the day which is the <@> month anniversary of the day of Commencement of Construction.

4.4 Termination Where 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 4.3, the Lessor shall have the right and option to terminate this Lease and the provisions of Section 19.1 shall apply, save only as modified by subsection 4.4(c) hereof.
- (b) In the event of a dispute between the Lessor and the Lessee as to whether or not the Lessor is entitled to terminate this Lease pursuant to the provisions of this Section 4.4 the Lessor and the

Lessee agree to submit such dispute to arbitration in accordance with the provisions of ARTICLE 21.

- (c) If the Lessor terminates this Lease under this Section 4.4, then the Lessor shall be entitled to retain as liquidated damages and not as a penalty, an amount equal to 25% of the Basic Rent.

4.5 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 4.5 shall be payable to the Mortgagee or to the Trustee if there is no Mortgagee and shall be available to finance repair and reconstruction.
- (c) All the provisions of ARTICLE 6 respecting insurance which are of general application shall apply to the insurance during construction of the Buildings required by this Section 4.5.

ARTICLE 5 USE OF BUILDINGS

5.1 Use of Buildings

The Lessee covenants and agrees with the Lessor that neither the Lands nor the Buildings nor any part of the Lands or the Buildings shall be used for any purposes except that of self-contained strata-titled residential accommodation and related lawful uses, including, without limitation, those permitted by the Development Handbook, the Development Permit, the Site Specific Development Controls and/or the Land Use Rules, together with other facilities ancillary thereto and connected therewith as set forth in the Development Permit.

ARTICLE 6 INSURANCE

6.1 Insurance

At all times during the Term immediately following the Substantial Completion of construction of the Buildings, the Lessee shall, at no expense to the Lessor, insure and keep insured or cause to be insured the Buildings with one or more companies entitled to do business in the Province of British Columbia against loss or damage by fire and other perils now or hereafter from time to time embraced by or defined in the commercial building form of insurance coverage applicable to similar properties as the Lands and the Buildings and effected in the Province of British Columbia by prudent owners from time to time during the Term including, without restricting the generality of the foregoing, the hazards of lightning, 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.

6.2 Pressure Vessel Insurance

At all times during the Term the Lessee 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 and the Lessee during the Term in respect of all boilers and such other pressure vessels, such insurance shall cover loss or damage caused by rupture of steam pipes.

6.3 Deductible Amounts

Any of the policies of insurance referred to in Section 4.5 or 6.1 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 Lessee and approved by the Lessor, such approval not to be unreasonably withheld, and the Lessee 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 6.7 hereof, be included as part of the insurance monies payable and paid.

6.4 Co-Insurance Clauses

If any of the policies of insurance referred to in Sections 4.5 and 6.1 hereof shall contain any co-insurance clauses, the Lessee 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 or the Lessee from becoming a co-insurer under the terms of such policy or policies and to permit full recovery in the event of loss.

6.5 Identity of Insured and Subrogation

Any and all policies of insurance referred to in Section 4.5 and 6.1 hereof shall:

- (a) be written in the name of the Lessee and the Lessor as the insureds with loss payable to the Lessor, the Lessee and the Mortgagee, if any, as their respective interests may appear;
- (b) shall contain a waiver of subrogation clause to the effect that any release from liability entered into by the Lessee prior to any loss, shall not affect the right of the Lessee, the Mortgagee or the Lessor to recover, and

- (c) contain a provision or shall bear an endorsement that the insurer will not cancel such policy without first giving the Lessor and the Mortgagee at least 30 days' notice in writing of its intention to cancel.

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

The Lessee hereby releases the Indemnified Parties from any and all liability for loss or damage caused by any of the perils against which the Lessee shall have insured, or pursuant to the terms of this Lease is obligated to insure, and the Lessee hereby covenants 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.

6.7 Payment of Loss Under the Insurance Policy Referred to in Section 6.1

- (a) The insurance monies payable under any or all of the policies of insurance referred to in Section 6.1 or 6.12 hereof, shall, notwithstanding the terms of the policy or policies, be paid to the order of the Mortgagee or to the order of the Trustee if there is no Mortgagee.
- (b) Subject to ARTICLE 8 the Lessor and the Lessee agree that the Mortgagee or Trustee (as the case may be) 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 Lessee or such other person as the Lessor and the Lessee may agree upon who is in charge of such restoration, reconstruction or replacement. Should the Lessee 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 Mortgagee or Trustee to whom such insurance monies are payable shall pay or cause to be paid to the Lessor such insurance monies in the same manner the Mortgagee or Trustee (as the case may be) would have done had the Lessee effected such restoration, reconstruction or replacement.

6.8 Workers' Compensation Coverage

At all times during the Term, the Lessee 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 Lands or the Buildings.

The Lessee 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 Lessee shall take all reasonable steps to ensure the resolution of such dispute forthwith. At all times the Lessee shall 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 Lessee of its obligation under this Section 6.8 to ensure the said full workers' compensation coverage is maintained. The Lessee shall further ensure that no amount of the said Workers' Compensation coverage is left unpaid so as to create a lien on the Lands or the Buildings. If the workers' compensation coverage required by this Section 6.8 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.

6.9 Comprehensive General Liability

At all times during the Term, the Lessee shall at the expense of the Lessee, 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, indemnifying and protecting the Indemnified Parties and the Lessee and its directors, officers, employees, agents, successor and assigns to limits approved by the Lessor from time to time, such approval not to be unreasonably withheld.

6.10 Payment of Insurance Premiums

The Lessee shall pay or cause to be paid all the premiums under the policies of insurance referred to in this ARTICLE 6 as they become due and payable and in default of payment by the Lessee, the Lessor may pay the same and add the amount so paid to the Additional Rent with all rights of distress and otherwise as reserved to the Lessor in respect of Additional Rent as rent in arrears.

6.11 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 Lessee 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 Lessee hereunder, accompanied by evidence satisfactory to the Lessor that the premiums thereon have been paid.

6.12 Insurance May be Maintained by Lessor

The Lessee agrees that should the Lessee 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 6.1, or fail to maintain insurance against claims for personal injury, death or property damage or loss as required under Section 6.9, 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 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 under this Section 6.12 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 and any Mortgagee as their interests may appear.

6.13 Appointment of Trustee

The Lessor hereby reserves the right to appoint a Trustee at any time and from time to time during the Term, but only after giving to the Lessee not less than 15 days' notice of its intention to do so, to manage the payment out of insurance monies for the restoration, reconstruction or replacement of loss or damage to the Lands or the Buildings, such appointment to be made in the sole discretion of the Lessor in circumstances in which insurance proceeds might otherwise be payable to the Lessee.

ARTICLE 7 REPAIRS AND MAINTENANCE

7.1 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 Lands or the Buildings, the Lessee hereby assuming the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Lands and the Buildings.

7.2 Repair by the Lessee

The Lessee at the Lessee's cost and expense shall during the Term, put and keep in good order and condition or shall cause to be put and keep 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 Lands and the Buildings, and the appurtenances and equipment thereof, both inside and outside, including, but not limited to fixtures, walls, foundations, roofs, vaults, elevators, if any, and similar devices, heating and air conditioning equipment, sidewalks, landscaping, yards and other like areas, water and sewer mains and connections, water, steam, gas, and electric pipes and conduits, and all other fixtures on the Lands and the Buildings and machinery and equipment used or required in the operation thereof, whether or not enumerated herein, and shall, in the same manner and to the same extent as a prudent owner, make any and all necessary repairs, replacements, alterations, additions, changes, substitutions and improvements, ordinary or extraordinary, foreseen or unforeseen, structural or otherwise, and keep the Buildings and aforesaid fixtures, appurtenances and equipment fully usable for all the purposes for which the Buildings were erected and constructed and the aforesaid fixtures, appurtenances and equipment were supplied and installed. Such repairs shall be in all respects to the standard at least substantially equal in quality of material and workmanship to the original work and material in the Buildings and aforesaid fixtures, appurtenances and equipment.

The Lessee shall not commit or suffer waste or injury to the Lands or the Buildings or any part thereof (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the Buildings or the foundation or structure of the Buildings) and shall not use or occupy or permit to be used or occupied the Lands or the Buildings or any part thereof for any illegal or unlawful purpose or in any manner which will result in the cancellation of any insurance, or in the refusal of any insurers generally to issue any insurance as requested. The Lessee shall not injure or disfigure the Lands or the Buildings or permit the same to be injured or disfigured in any way; and at the expiration or other termination of this Lease, the Lessee shall, except as otherwise expressly provided herein, surrender and deliver up the Lands with 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 Lands "as is" knowing the condition thereof, and agreeing that the Lessor has made no representation, warranty or agreement with respect thereto, except as otherwise expressly provided herein.

7.3 Repairs to Buildings by Lessor

The Lessee covenants and agrees with the Lessor that if the Lessee does not put and keep in good order and condition or cause to put and keep 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 Lands and the Buildings and the fixtures, appurtenances and equipment thereof, both inside and outside, all as more particularly required by the provisions of Section 7.2, the Lessor through its agents, servants, contractors and subcontractors, although not obliged to do so, may enter upon those parts of the Lands and the Buildings required for the purpose of making the necessary

repairs required to put the Lands, Buildings, fixtures, appurtenances and equipment in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the Buildings or the foundation or structure of the Buildings); provided that the Lessor will make such repairs, only after giving the Lessee 60 days' written notice of its intention so to do, except in the case of an emergency. Any amount paid by the Lessor in making such repairs to the Lands and the Buildings or any part or parts thereof, together with all costs and expenses of the Lessor shall be reimbursed to the Lessor by the Lessee 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 as Additional Rent.

7.4 Removal of Ice and Snow from Sidewalks

The Lessee covenants and agrees with the Lessor that if the Lessee 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 Lessee 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 Lessee 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 as Additional Rent.

ARTICLE 8 DAMAGE OR DESTRUCTION

8.1 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 Lands or the Buildings or to demand any abatement or reduction of the Rent or other charges payable under this Lease, any law or statute now or in the future to the contrary notwithstanding.

8.2 Lessee's Obligations When the Buildings Are Damaged or Partially Destroyed

The Lessee covenants and agrees with the Lessor that in the event of damage to or partial destruction of the Buildings, the Lessee, subject to the regulations and requirements of The University of British Columbia and any other governmental authority having jurisdiction 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.

8.3 Lessee's Obligations When the Buildings Are Completely or Substantially Destroyed

The Lessee covenants and agrees with the Lessor that in the event of complete or substantially complete destruction of the buildings the Lessee, subject to the regulations and requirements of The University of British Columbia and any other governmental authority having jurisdiction, shall either:

- (a) reconstruct or replace the Buildings, with a new structure or structure 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.

8.4 Replacement, Repair or Reconstruction Under Section 8.2 or 8.3 to be Carried Out in Compliance with Sections 7.2 and 9.1

Any replacement, repair or reconstruction of the Buildings or any part thereof pursuant to the provisions of Section 8.2 or 8.3 hereof shall be made or done in compliance with the provisions of Sections 7.2 and 9.1 hereof.

ARTICLE 9 REPLACEMENT, CHANGES, ALTERATIONS AND SUBSTITUTIONS

9.1 The Lessee 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, 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, which approval The University of British Columbia agrees not to unreasonably withhold.

The Lessee covenants and agrees with the Lessor that, subject to ARTICLE 10, all changes, alterations, replacements, substitutions and additions undertaken by or for the Lessee once begun shall be prosecuted with due diligence to completion. All such changes, alterations, additions shall meet the requirements of the Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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, 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 of any one employed by it 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 and not avoidable by the exercise of reasonable effort or foresight by the Lessee, the Lessee 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 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 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 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 21.

The Lessee 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 Release of Liens

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 Lands or the Buildings, which may be registered against or otherwise affect the Lands or the Buildings, to be paid, satisfied, released (including, without limitation, the release of all such liens from the interest of the Lessor in the Lands), or vacated within 42 days after the Lessor shall send to the Lessee and the Mortgagee written notice by registered mail of any claim for any such lien. PROVIDED HOWEVER, that in the event of a bona fide dispute by the Lessee of the validity or correctness of any claim for any such lien, the Lessee shall not be bound by the foregoing, but shall be entitled to defend against the same in any proceedings brought in respect thereof after first paying into court the amount claimed or sufficient security therefor, and such costs as the court may direct, or the Lessee may provide, as security in respect of such claim, an irrevocable letter of credit, lodged with the Lessor, for 120% of the full amount of any claim for any such lien, the amount of which letter of credit shall be increased every six months to include interest on the claimed amount at the Prime Rate, calculated semi-annually not in advance from the date any such claim is registered against or otherwise affects the Lands or the Buildings, continuing so long as the aforesaid proceedings shall continue and which letter of credit shall be on terms sufficient to protect the Lessor's interest in the Lands and the Buildings and in a form reasonably satisfactory to the Lessor and shall be issued by one of the chartered Banks of Canada; and, upon being entitled to do so, the Lessee shall register all such documents as may be necessary to cancel such lien from the Lands and the Buildings, including, without limitation, the Lessor's interest therein.

11.2 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 the Lessee or persons for whom the Lessee is in law responsible. The Lessee acknowledges and

agrees that the improvements to be made to the Lands will be made at the Lessee's request solely for the benefit of the Lessee and those for whom the Lessee is in law responsible. The Lessor has filed a notice of interest in the New Westminster 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 Lessor and the Lessee agree that it shall be lawful for a representative of the Lessor at all reasonable times during the Term to enter the Lands and the Buildings, or any of them and to examine the condition thereof; and, further, that all wants of reparation as required by Section 7.2 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, 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 Lands and the Buildings 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 Lands and the Buildings.

ARTICLE 13 OBSERVANCE OF REGULATIONS

13.1 The Lessee covenants with the Lessor that, notwithstanding any other provision of this Lease to the contrary, throughout the Term the Lessee 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, other governmental regulations or regulations of The University of British Columbia, including, without limitation, the Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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 to the extent that the Lessee operates, occupies and uses the Buildings or the Lands whether by subletting the same or any part thereof or otherwise prior to the filing of the Leasehold Strata Plan and the creation of the Strata Corporation, 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.

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 RELEASE, INDEMNITY AND LIMITATION OF LIABILITY

15.1 Indemnification of the Indemnified Parties by the Lessee

The Lessee covenants and agrees to defend, indemnify and save harmless the Indemnified Parties from and against all damages, losses, actions, causes of action, 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 Lessee agrees 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 whatsoever relating to and arising during the Term or any period of overholding out of:
 - (i) bodily injury or death;
 - (ii) property damage;
 - (iii) or 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 or any portion thereof;
 by the Lessee or any assignee, subtenant, agent, employee, contractor, subcontractor, invitee or licensee of 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 Lessee to be fulfilled, kept, observed or performed.

15.2 Limitation of Liability of The University of British Columbia

The Lessee acknowledges and agrees 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 Lessee, its officers, employees, agents, contractors, subcontractors, successors and assigns 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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, UBC's Rules and Regulations and/or the Zoning Regulations, or any other applicable codes, regulations, by-laws or any other enactments in respect of the Lands or lands elsewhere on the Campus.

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

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

The Lessee does hereby remise, release and forever discharge, and does 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:

- (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, or
- (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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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 Lessee from its obligations under this release and indemnity.

15.4 Indemnification Survives Termination of Lease

The obligations 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, subject to the provisions of Section 26.4 hereof, 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.

ARTICLE 16 SUBLETTING AND ASSIGNING

16.1 Subletting by Lessee - Other Than by Way of Mortgage

Save as expressly provided in Section 16.3, the Lessee shall not and will not during the Term sublease the Lands or any part thereof or any structure or any part of any structure erected thereon to any person, persons or corporation whatsoever, without the consent in writing of the Lessor, which consent the Lessor may arbitrarily withhold; PROVIDED HOWEVER that:

- (a) if Basic Rent and Additional Rent and taxes or amounts in lieu of taxes 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, the Lessee may from time to time without the consent of the Lessor, enter into subleases with lessees or occupants of the dwelling units in the Buildings comprising in every case part or parts (but not the whole) of

the Buildings, such dwelling units to be used by the lessees or occupants for residential purposes only;

- (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 New Westminster Land Title Office.

16.2 Assignment by Lessee - Other Than by Way of Mortgage

- (a) The Lessee shall not and will not during the Term (other than by way of Mortgage as permitted in or by Section 16.3) assign, transfer or sell or otherwise, by any act or deed, cause the Lands or the Buildings, or any of them, or this Lease, to be assigned, transferred or sold to any person, persons or corporation whatsoever without the consent in writing of the Lessor, which consent the Lessor shall not unreasonably withhold, provided as hereinafter set forth.
- (b) Provided that the Lessor, in considering a request by the Lessee that such an assignment be approved, shall be acting reasonably in taking into account the following matters, and if the Lessor is not satisfied as to any of such matters, the Lessor shall be acting reasonably in refusing to approve the proposed assignment:
 - (i) the reputation and experience of the proposed assignee as a real estate developer and the nature of the business of the proposed assignee;
 - (ii) the financial standing and capability of the proposed assignee (as evidence of which the three most recent financial statements of the proposed assignee shall be provided to the Lessor), including, without limitation, evidence that the proposed assignee will be able to secure a lender to finance construction of the Buildings and all ancillary facilities, and evidence that there are no actions, suits, claims, legal or administrative proceedings or investigations, private or public, pending or threatened, which might affect the proposed assignee's ability to fulfil all the covenants and agreements of the Lessee under this Lease and the Model Strata Lot Lease;
 - (iii) the ability of the Lessee and the proposed assignee to arrange that the proposed assignee, following the assignment, will have full ability to perform the covenants and agreements of the Lessee under this Lease and the Model Strata Lot Lease, including, without limitation, evidence that all drawings, plans, specifications, designs, applications, permits, approvals and contracts relating to the construction of the Buildings and all facilities ancillary thereto will be assigned to the proposed assignee, and
 - (iv) past and present dealings of the proposed assignee with The University of British Columbia.
- (c) Provided however that the Lessor shall also be acting reasonably and shall be entitled arbitrarily to withhold its consent to an assignment:
 - (i) if the Lessee is in default in the performance and observance of any of the covenants, provisos and agreements required of the Lessee to be performed and observed under this Lease, the Model Strata Lot Lease, or any restrictive covenant registered against the Lands in priority to this Lease;

- (ii) if the Basic Rent to be paid by the Lessee to the Lessor under Section 2.1 has not been paid in full;
 - (iii) unless the proposed assignee enters into an agreement, in form and content satisfactory to the Lessor, with the Lessor whereby the proposed assignee covenants directly with the Lessor and agrees to be bound by and comply with all the covenants, provisos and agreements required of the Lessee to be performed and observed under this Lease and the Model Strata Lot Lease.
- (d) Notwithstanding the foregoing, if Basic Rent and Additional Rent and taxes or amounts in lieu of taxes 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:
- (i) the Lessee, without the consent of the Lessor, may offer for sale its leasehold interest in the proposed Strata Lots which the Lessee proposes to create by deposit of a Leasehold Strata Plan in accordance with ARTICLE 26 (provided however, that where the Lessee proposes to offer for sale its leasehold interest in all the proposed Strata Lots to one person or one corporation or group of companies with substantially the same shareholders or directors, then the prior consent of the Lessor to such person or corporation must be obtained in accordance with subsections 16.2(b) and (c)) provided that the Lessee has complied with all requirements of the *Real Estate Development Marketing Act*, S.B.C. 2004, c. 41 so far as they pertain to the offer for sale of the proposed Strata Lots;
 - (ii) the Lessee, without the consent of the Lessor, may assign, transfer or convey its leasehold interest in those Strata Lots created by the deposit of the Leasehold Strata Plan as aforesaid which have been Substantially Completed, if The University of British Columbia has issued an occupancy permit in respect thereof and the provisions of Section 16.2 of the Model Strata Lot Lease attached hereto as Schedule "A" shall apply to such assignments, transfers or conveyances.
- (e) If the Lessee is required by the Superintendent of Real Estate to submit a prospectus or disclosure statement, as the case may be, to the Superintendent relating to proposed Strata Lots, a copy of the prospectus or disclosure statement shall be delivered to the Lessor within 30 days of the acceptance thereof by the Superintendent of Real Estate.
- (f) A copy of any or all agreements to purchase, assignments, transfers or sales shall be furnished to the Lessor within 30 days of the completion of each transaction together with particulars, if any, of registration in the New Westminster Land Title Office.

16.3 Mortgaging by Lessee

The Lessee shall have the right, without the consent of the Lessor, at any time and from time to time to mortgage its leasehold estate by assignment or sublease and, inter alia, to give security by way of an assignment of rents and to extend, modify, renew, vary or replace any such mortgage, assignment or other security. A copy of any or all mortgages shall be furnished to the Lessor together with particulars of registration in the New Westminster Land Title Office within 30 days of such registration.

ARTICLE 17 MORTGAGE

17.1 Rights of Mortgagee

The Mortgagee under any Mortgage referred to in Section 16.3 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.

17.2 Notice to and Remedies of Mortgagee

- (a) No re-entry, termination, acceptance of surrender, disclaimer or forfeiture of this Lease by the Lessor or by a receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee shall be valid against the Mortgagee who has executed and delivered to the Lessor a tripartite agreement in the form attached hereto as Schedule "B" unless the Lessor shall first have given to the Mortgagee notice of the default entitling the Lessor to re-enter, terminate or forfeit this Lease, specifying the nature of that default and stating the Lessor's intention to take such proceedings and requiring the Mortgagee:
 - (i) to cure the default specified in the notice within a period of 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 Lands and the Buildings for that purpose.
- (b) If the default is cured within the period specified, the Mortgagee shall be entitled to become tenant of the Lands and Buildings 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; EXCEPT that in the event any Mortgagee has commenced a foreclosure action the provisions of subsection 17.2(c) shall apply.
- (c) In the event the Mortgagee commences foreclosure proceedings against the Lessee, whether or not the Lessee 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 re-enter, terminate or forfeit this Lease after the commencement of foreclosure proceedings on the ground of any default or contingency entitling the Lessor to re-enter, terminate or forfeit this Lease if the Mortgagee:

- (i) shall first have given to the Lessor notice of the foreclosure proceedings;
- (ii) is actively prosecuting the foreclosure proceedings without undue delay;
- (iii) cures the default or contingency within a period of 60 days from the date of receipt of notice from the Lessor specifying the nature of the default or contingency, or if the default or contingency 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 or contingency 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 contingency;
- (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 Lands and the Buildings 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 or contingency granted by this subsection 17.2(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 termination or forfeiture 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 28, the Lessor shall give to the Mortgagee notice of the bankruptcy or insolvency of the Lessee entitling the Lessor to terminate or forfeit 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 subsection 17.2(c);
 - (ii) takes possession and control of the Lands and the Buildings, or causes a receiver to be appointed under the terms of the Mortgage or by a court of competent jurisdiction, who takes possession and control of the Lands and the Buildings, and the Lessor hereby grants the Mortgagee or such receiver access to the Lands and the Buildings 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 re-entry, termination or forfeiture of this Lease made in accordance with the provisions of this Lease as against the Lessee shall be valid and effectual against the Lessee even though made subject to the rights of any Mortgagee to cure any default of the Lessee and to continue as tenant under this Lease.
- (f) No entry upon the Lands or into the Buildings by the Mortgagee pursuant to this Section 17.2 for the purpose of curing any default or defaults of the Lessee shall release or impair the continuing obligations of the Lessee.

17.3 Mortgage Subject to Lessor's Rights Under Lease

Subject to the provisions of Section 17.2, every Mortgage shall be made expressly subject to the rights of the Lessor under this Lease.

17.4 Protection of Mortgagee (Tri-Partite Agreements)

The Lessor and the Lessee agree that the obligations of the Lessor under Section 17.2 are subject to the Mortgagee entering into an agreement in the form attached hereto as Schedule "B" whereby the Mortgagee covenants and agrees that if it acquires title to the Lessee's interest in this Lease but only for so long as it holds such title, it shall 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 agree, subject to the provisions of Sections 17.2 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 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 voluntary 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 Lands and the Buildings 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 Lands and the Buildings 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, trustee, liquidator or custodian holds and retains the Lands 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) upon approval of the court as hereinafter provided, sell, transfer or otherwise dispose of all the interest of the Lessee in this Lease and the Lands and the Buildings 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 the Supreme Court of British Columbia upon the application of such receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee and after 14 days' written notice of such application to the Lessor, 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.

18.2 Certain Rights of the Parties

The Lessor and the Lessee 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 Lands and the Buildings for the purposes of the trust estate. 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 re-enter the Lands and the Buildings without being liable for any prosecution or damages

therefor, and may repossess and enjoy the Lands and the Buildings and all fixtures and improvements therein and thereon, except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants and which are not part of the Buildings or the Lands 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 Lands and the Buildings 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 Lands and the Buildings, nor affect his right to disclaim or to surrender possession pursuant to the provisions of Section 18.1.
- (c) If after occupation of the Lands and the Buildings, 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 Lands and the Buildings and all interests and rights of the Lessee therein and hereunder to a person approved by the court as provided by Section 18.1, 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 Buildings.

18.3 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 Lands and the Buildings pursuant to Section 18.1 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 Re-Entry on Certain Defaults By Lessee

The Lessor and the Lessee agree that subject to the provisions of Section 17.2, 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 ensuring Commencement of Construction or Substantial Completion of the Buildings by the dates set forth in Section 4.3, 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;

the Lessor or the Lessor's agents or employees authorized by the Lessor may immediately or at any time thereafter re-enter the Lands and the Buildings without being liable to any prosecution or damages therefor and may repossess and enjoy the Lands, the Buildings and all fixtures and improvements on the Lands except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the Buildings or the Lands, as liquidated damages, without such re-entry and repossession constituting a forfeiture or waiver of the Rent paid or to be paid to the Lessor, all of which Rent may be retained by the Lessor as liquidated damages and not as a penalty (provided however that where the Lessee has defaulted in the Commencement of Construction or the Substantial Completion of the Buildings as set forth in subsection 19.1(b) then a portion of the Basic Rent shall be refunded to the Lessee as provided in

Section 4.4) and without forfeiture or waiver of the covenants to be performed by the Lessee up to the date of such re-entry and repossession.

19.2 Forfeiture on Certain Other Defaults by Lessee

The Lessor and the Lessee agree that, subject to the provisions of Section 17.2, if

- (a) the Lessee shall default in performing or observing any of its covenants or obligations under this Lease (other than those referred to in Section 19.1) and the Lessor shall have given to the Lessee notice of such default and at the expiration of 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 60 days aforesaid, the Lessee fails to proceed promptly after the giving of such notice to cure such default, and
- (b) the Lessor desires to re-enter the Lands and to repossess and enjoy the Lands and the Buildings and all fixtures and improvements thereon (except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the Lands and the Buildings);

the Lessor shall unless the Lessee voluntarily surrenders the Lands and the Buildings to the Lessor, apply to the Supreme Court of British Columbia, upon not less than 14 days' notice to all persons interested in the Lands and the Buildings, for an Order that, either:

- (i) the interest of the Lessee in this Lease and the Lands and the Buildings for the remainder of the Term and all the rights of the Lessee hereunder be sold by public auction or private sale on such terms and conditions as the Court deems fair and equitable in the circumstances, the proceeds therefrom to be distributed, after all Rent and other money due to the Lessor hereunder is paid to the Lessor, in accordance with the priorities of the persons interested as aforesaid as ascertained by the Court upon enquiry or reference, or
- (ii) the Lessor or the Lessor's agents or employees be authorized to re-enter the Lands and the Buildings without being liable to any prosecution or damages therefor, and repossess and enjoy the Lands and the Buildings and all fixtures and improvements (except for fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the Buildings or the Lands), as liquidated damages, without such re-entry and repossession working a forfeiture or waiver of the Rent and other money paid or to be paid to the Lessor, all of which Rent may be retained by the Lessor as liquidated damages and not as a penalty and without forfeiture or waiver of the covenants to be performed by the Lessee up to the date of such re-entry and repossession, and

in ordering such sale or re-entry, the Court may direct the Registrar to cancel the Lessee's interest in the Lands and the Buildings, the registration thereof, and any certificate of leasehold charge and this Lease and issue a new or replacement certificate in the name of the Lessor or the purchaser, as the case may be, free and clear of and from all liens, charges and encumbrances whatsoever. The Lessor shall not be responsible for any loss to any such person interested which may arise by reason of any such sale or re-entry unless the same occurs by reason of the wilful neglect or default of the Lessor.

19.3 Right to Cure

The Lessor and the Lessee agree that if the Lessee defaults in performing or observing any of its covenants or obligations under this Lease (other than those referred to in Section 19.1) and the Lessor has given to the

Lessee notice of such default and at the expiration of 60 days after the giving of such notice the default continues to exist or, in the case of a default which cannot with due diligence be cured within the period of 60 days aforesaid, the Lessee fails to proceed promptly after the giving of such notice to cure such default, the Lessor shall have the right and licence, at any time, and from time to time, without any liability for trespass or otherwise, to enter upon the Lands to cure the default of the Lessee, and any costs so incurred by the Lessor in curing such default, shall be payable to the Lessor under this Lease as Additional Rent.

19.4 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.

19.5 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 COVENANTS OF LESSOR

20.1 Covenant Respecting Charges and Encumbrances

The Lessor covenants with the Lessee that the Lessor has a good and marketable title in fee simple to the Lands and that the Lessor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands or any part thereof are charged or encumbered in title or estate other than the subsisting exceptions and reservations contained in the original grant of the Lands from the Crown and any restrictive covenants and/or easements and/or rights of way in favour of the Lessor or other public bodies which may be registered against the Lands.

20.2 Covenant Respecting Authority to Lease

The Lessor covenants with the Lessee that it now has in itself good right, full power and authority to lease the Lands to the Lessee in the manner and according to the true intent of this Lease pursuant to the Order of the Minister of Advanced Education given number M212, a copy of which is attached hereto as Schedule "C".

ARTICLE 21 ARBITRATION

21.1 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 arbitration. 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 22 CERTAIN COVENANTS AND AGREEMENTS OF LESSEE

22.1 Conduct on Demised Premises

Taking into account that during construction of the Buildings, the Lands will be operated as a normal construction site, the Lessee covenants and agrees with the Lessor that it will not carry on nor do, nor allow to be carried on or done upon the Lands or in the Buildings any work, business or occupation which may be a nuisance or which may be improper, noisy or contrary to any law or to any by-law or to any regulation of The University of British Columbia or any enactment of any governmental agencies or authorities having jurisdiction for the time being in force.

22.2 Covenant Respecting Charges and Encumbrances

- (a) In this Section;
- (i) "**Assumed Agreements**" means, collectively, all charges or encumbrances registered against title to the Lands and all agreements benefiting the Lands filed as legal notations on title to the Lands, and includes, without limitation, <@>;
 - (ii) "**Ongoing Benefits**" means all rights, benefits and interest of a party derived from and pursuant to each of the Assumed Agreements, and
 - (iii) "**Ongoing Obligations**" means all covenants, terms, provisos, stipulations, conditions, obligations and liabilities of a party contained in, existing by virtue of or arising out of each of the Assumed Agreements, including, without limitation: the obligations and responsibilities in respect of ongoing payment obligations and liabilities and the performance of all indemnities and releases.
- (b) For the Term and any renewal thereof, the Lessor hereby assigns, conveys and transfers to the Lessee the Assumed Agreements and the Ongoing Benefits of the Lessor, as owner of the Lands, for the sole use and benefit of the Lessee, all without the requirement or necessity of any further acts by or deliveries from the Lessor or the Lessee.
- (c) For the Term and any renewal thereof, the Lessee hereby assumes the Assumed Agreements and the Ongoing Obligations of the Lessor, as owner of the Lands. The assumption made hereby is made in addition to, and without limiting any provision of an Assumed Agreement that 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 Ongoing Obligations of the owner of the Lands and the Lessor.
- (d) The Lessee does hereby acknowledge and agree that the assumption herein of the Assumed Agreements and the Ongoing Obligations is made for the benefit of the Lessor and the other

parties to the Assumed Obligations and may be enforced by such other parties directly against the Lessee.

22.3 Covenant Respecting Access Along the <@> Pathway <@>**N.B. if not needed show as Intentionally Deleted.**

- (a) The Lessee acknowledges and agrees that it was a condition of the issuing of the Development Permit that access to the pedestrian pathway (the "**Pathway**") to be constructed by the Lessee along the <@> of the Lands between <@> and Lot <@>, District Lot 6494, Group 1, NWD, Plan BCP<@> not be restricted in any way by a fence, gate or other obstruction.
- (b) The Lessee agrees to be bound by such condition, to construct the Pathway in such unrestricted way and to ensure that such condition is complied with throughout the Term; provided however, it is understood and agreed that access to the Pathway may be temporarily interrupted from time to time when the Pathway is being repaired, maintained or resurfaced from time to time, so long as unrestricted, continuous access to the Pathway is restored within a reasonable time following completion of the maintenance, repair or resurfacing.
- (c) The Lessee covenants and agrees that it will never vote in favour of a resolution of the Strata Corporation that would cause the Strata Corporation to be in breach of this Section 22.3 and the Lessee covenants and agrees that a breach of this Section 22.3 shall be a default under this Lease, that damages would not be an adequate remedy and that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for such a default.
- (d) Notwithstanding what is set out above in this Section 22.3, nothing shall prevent the Lessee from barring entry to, or ejecting from the Pathway any person who:
 - (i) loiters on the Pathway,
 - (ii) trespasses on the Pathway,
 - (iii) acts in a loud, disorderly or offensive manner,
 - (iv) molests, pesters, interferes with or obstructs any other person on the Pathway,
 - (v) appears intoxicated, or
 - (vi) commits or appears to commit an illegal act.

22.4 Covenant Respecting Handicap Stalls

- (a) The Lessee acknowledges and agrees that it was a condition of the issuing of the Development Permit that access to handicap stalls be made flexible so that handicap stalls can be reassigned from time to time by the Strata Corporation to lessees of Strata Lots who can demonstrate legitimate needs for a handicap stall.
- (b) The Lessee agrees to be bound by such condition, to designate as handicap parking stalls (individually "**Handicap Parking Stall**") those parking stalls shown on the parking plan(s) referred to in the Development Permit as being handicap stalls, and to amend the statutory bylaws of the Strata Corporation to provide that:

"In the event that a lessee of an individual Strata Lot or an occupant thereof wishes to become the holder of a permanent disability handicap parking pass (the "**Handicap Parking Pass**") and entitled to use a Handicap Parking Stall, other than the one to be located in the visitor's parking area which shall always be available to visitors displaying a valid handicap decal issued by an authorized authority, such lessee or occupant (the "**Applicant**") must first make a written application to the Strata Corporation in accordance with the Strata Corporation's rules and procedures for same. Such written application must be accompanied by written confirmation of the Applicant's handicap and be signed by a licensed medical physician in the Province of British Columbia. If there is a Handicap Parking Stall that is not currently allocated to the holder of a Handicap Parking Pass, the strata corporation shall issue a Handicap Parking Pass to the Applicant and designate which Handicap Parking Stall the Applicant may use. If any Applicant ceases to be handicapped, that Applicant's Handicap Parking Pass shall be deemed to be automatically revoked as of the last day of the month following the month in which the Applicant ceases to be handicapped. In the event that there are no unallocated Handicap Parking Stalls available for use by a lessee or occupant at the time of an application for a Handicap Parking Pass, that Applicant shall go on to a waiting list from which Handicap Parking Passes will be issued and Handicap Parking Stalls designated, in the order in which the applications were received by the Strata Corporation. If a Handicap Parking Stall is available but there is no lessee or occupant with a valid Handicap Parking Pass to use the Handicap Parking Stall, then the Lessee or Strata Corporation may grant or enter into a licence with any owner or occupier of a strata lot who is not the holder of a Handicap Parking Pass on a month to month basis with respect to the use of such Handicap Parking Stall not then used or occupied by the holder of a Handicap Parking Pass. In the event that any Handicap Parking Stall so licenced is required by a holder of a Handicap Parking Pass, the Lessee or Strata Corporation must terminate such licence on one month's notice."

- (c) The Lessee covenants and agrees that it will never vote in favour of a resolution of the Strata Corporation that would cause the Strata Corporation to be in breach of this Section 22.4 and the Lessee covenants and agrees that a breach of this Section 22.4 shall be a default under this Lease, that damages would not be an adequate remedy and that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for such a default.

ARTICLE 23 SURRENDER OF LEASE

23.1 At the expiration or sooner determination of the Term, the Lessee shall surrender the Lands and the Buildings to the Lessor in the condition in which they were required to be kept by the Lessee under the provisions of this Lease, except as herein otherwise expressly provided. The Lessee shall not be entitled to any compensation from the Lessor for surrendering and yielding up to the Lands and the Buildings as aforesaid except as otherwise provided in the Model Strata Lot Lease attached hereto as Schedule "A".

ARTICLE 24 QUIET ENJOYMENT AND OWNERSHIP OF TENANTS' FIXTURES

24.1 Covenant for Quiet Enjoyment

If the Lessee pays the Rent hereby reserved and the other charges, and perform the covenants hereinbefore on the Lessee's part contained, the Lessee shall and may peaceably enjoy and possess the Lands for the Term, without any interruption or disturbance whatsoever from the Lessor or any other person, firm or corporation lawfully claiming from or under the Lessor, provided however that nothing in this Section 24.1 shall limit the rights of access reserved by the Lessor under Section 7.3, the rights of inspection conferred upon the

Lessor by Section 12.1, the right of the Lessor to show the Lands and the Buildings and to post notice, pursuant to Section 12.2.

24.2 Ownership of Tenants' Fixtures

The Lessee may confer upon tenants or occupants of the Buildings the right of property in, or the right to remove fixtures or improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the Buildings or the Lands. The Lessee 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 25 OVERHOLDING

25.1 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 21, 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 26 CONVERSION OF GROUND LEASE UNDER *STRATA PROPERTY ACT*

26.1 Leasehold Strata Plan

- (a) The Lessee shall prepare or cause to be prepared as soon as reasonably possible after the date of this Lease the Leasehold Strata Plan, the same to be prepared in accordance with the provisions of the *Strata Property Act*.
- (b) The Lessee shall deliver the Leasehold Strata Plan to the Lessor and the Lessor agrees to deliver to the Lessee its written consent to the registration of the Leasehold Strata Plan for filing in the New Westminster Land Title Office if the Leasehold Strata Plan has been prepared in accordance with the provisions in that regard contained in the *Strata Property Act*.
- (c) As soon as reasonably possible after the written consent of the Lessor has been delivered, the Lessee shall deposit the Leasehold Strata Plan in the New Westminster Land Title Office in accordance with the provisions of the *Strata Property Act* and the *Land Title Act*, R.S.B.C. 1996, Chapter 250, as amended from time to time in respect of the Leasehold Strata Plan.
- (d) The Lessee acknowledges and confirms to the Lessor that it shall be the sole responsibility of the Lessee to comply with the requirements of the *Strata Property Act* such that the Leasehold Strata Plan may be accepted by the New Westminster Land Registrar for deposit in the New Westminster Land Title Office as aforesaid.

26.2 Conversion of Ground Lease

It is understood and agreed between the Lessor and the Lessee that the deposit of the Leasehold Strata Plan shall, in accordance with the provisions of Part 12 of the *Strata Property Act*, operate as a conversion of this Lease into individual leases in the name of the Lessee in respect of the interest of the Lessor in each Strata Lot subject to the applicable terms and conditions contained in this Lease and in the Model Strata Lot Lease attached hereto and forming Schedule "A" hereof and to the provisions of the *Strata Property Act* and the regulations made thereunder. From and after the conversion of this Lease under the *Strata Property Act* as aforesaid, each Strata Lot shall be held during all of the unexpired residue of the Term then remaining

separately from and independently of each of the other Strata Lots as if each Strata Lot had been demised to the Lessee by separate leases in the form of the Model Strata Lot Lease attached hereto as Schedule "A".

26.3 Execution of Model Strata Lot Lease by Strata Corporation

The Lessee covenants and agrees with the Lessor that within 10 days after the deposit of the Leasehold Strata Plan in the New Westminster Land Title Office and prior to the assignment of any of the Strata Lots the Lessee will deliver to the Lessor a lease in the form of the Model Strata Lot Lease attached hereto and forming Schedule "A" hereof executed by the Lessee and the Strata Corporation together with a resolution of the Strata Corporation to authorize the Strata Corporation to enter into and exercise the said lease. The Lessor shall upon receipt of the executed lease, execute the same and return the same to the Lessee, and the Lessee shall cause the Model Strata Lot Lease to be filed in the New Westminster Land Title Office.

26.4 Release from Liability

The Lessor covenants and agrees with the Lessee that <@>, the 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 the Lessee assigns, transfers or conveys a Strata Lot under Section 16.2(d) of this 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 Lessee's leasehold interest in that Strata Lot is assigned to the first purchaser thereof, or
- (b) the date of Substantial Completion of the Buildings as certified by the Architect.

Provided that the Lessee shall have paid the Basic Rent, Additional Rent, taxes and any other monies required to be paid hereunder and observed and performed the covenants and agreements herein to be performed by the Lessee up to and including the said date.

26.5 The Lessor agrees that, while otherwise having the right to do so, it will refrain from pursuing its remedies hereunder against the Lessee for a default under the Model Strata Lot Lease in respect of which the Lessee has been released in accordance with the provisions of Section 26.4.

Save as herein specifically provided, the Lessee shall not be released from its liabilities and obligations under this Lease.

ARTICLE 27 UNIVERSITY NEIGHBOURHOODS ASSOCIATION

27.1 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 Land Use Plan 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 Greater Vancouver Regional District.

27.2 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.

27.3 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.myuna.ca/>.

27.4 The UBC Neighbours' Agreement referred to in Section 27.2 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.

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

ARTICLE 28 NOTICE

28.1 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, slowdown 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 29 MISCELLANEOUS

29.1 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 4.1 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.

29.2 Statements by Lessor

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 this 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.

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

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

29.5 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.

29.6 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 and the Lessee and the successors and assigns of the Lessor and the successors and permitted assigns of the Lessee.

IN WITNESS WHEREOF the Lessor and the Lessee have hereunto caused this Lease to be executed on the Form C and Form D respectively to which this Lease is attached by the signatures of their respective proper officers duly authorized for such purpose.

**This is Schedule "A" referred to in
Section 16.2(d)(ii) of this Lease**

MODEL STRATA LOT LEASE

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA

AND:

<@>

AND:

THE OWNERS, LEASEHOLD STRATA PLAN VR <@>

RE:

Parcel Identifier <@>
Lot <@>
District Lot 6494, Group 1, NWD
Plan <@>

INDEX

ARTICLE	PAGE
ARTICLE 1 DEFINITIONS	46
ARTICLE 2 BASIC RENT AND ADDITIONAL RENT	51
ARTICLE 3 PAYMENT OF TAXES, SERVICES, LICENSES AND PENALTIES	52
ARTICLE 4 PAYMENT FOR UTILITY SERVICES	55
ARTICLE 5 CONSTRUCTION	56
ARTICLE 6 USE OF STRATA LOT	60
ARTICLE 7 INSURANCE	60
ARTICLE 8 REPAIRS AND MAINTENANCE	63
ARTICLE 9 CHANGES, ALTERATIONS AND SUBSTITUTIONS	65
ARTICLE 10 UNAVOIDABLE DELAYS	66
ARTICLE 11 BUILDERS' LIENS	66
ARTICLE 12 INSPECTION AND EXHIBITION BY LESSOR	67
ARTICLE 13 OBSERVANCE OF REGULATIONS	68
ARTICLE 14 RIGHTS OF LESSOR AND LESSEE	68
ARTICLE 15 INDEMNITY	68
ARTICLE 16 SUBLETTING AND ASSIGNING	70
ARTICLE 17 MORTGAGE	70
ARTICLE 18 BANKRUPTCY OF LESSEE	73
ARTICLE 19 DEFAULT BY LESSEE	76
ARTICLE 20 ARBITRATION	77
ARTICLE 21 ADDITIONAL COVENANTS AND AGREEMENTS OF LESSEE AND STRATA CORPORATION	78
ARTICLE 22 SURRENDER OF LEASE	81
ARTICLE 23 QUIET ENJOYMENT AND OWNERSHIP OF TENANTS' FIXTURES	81
ARTICLE 24 OVERHOLDING	81
ARTICLE 25 RENEWAL OF LEASE	81
ARTICLE 26 PURCHASE OF LESSEE'S INTEREST IN STRATA LOT BY THE LESSOR	83
ARTICLE 27 DESTRUCTION OR DEEMED DESTRUCTION OF THE BUILDINGS	84
ARTICLE 28 UNIVERSITY NEIGHBOURHOODS ASSOCIATION	84
ARTICLE 29 NOTICE	85
ARTICLE 30 MISCELLANEOUS	85

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:

<@>, a company duly incorporated under the laws of the Province of British Columbia and having an office at <@>, British Columbia (Incorporation No. <@>)

(hereinafter called the "**Lessee**")

OF THE SECOND PART

AND:

THE OWNERS, LEASEHOLD STRATA PLAN EPS<@>, having an office at <@>, Vancouver, British Columbia

(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 Land Use Rules, including 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 *Builders 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) "**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;
- (j) "**Common Facilities**" shall have the same meaning as common facility is given under the *Strata Property Act*, in its plural form;
- (k) "**Common Property**" shall have the same meaning as such expression is given under the *Strata Property Act*;
- (l) "**Design Guidelines**" means those parts of the Land Use Plan, Neighbourhood Plan, Site Specific Development Controls, the Development Handbook, and any other Land Use Rules that deal with design issues relating to the Lands and all amendments thereto whether made before or after the date of this Lease;
- (m) "**Development Handbook**" means The University of British Columbia Development Handbook that 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;
- (n) "**Development Permit**" means the development permit issued by The University of British Columbia to the Lessee as amended from time to time;

- (o) **"Ground Lease"** means that certain indenture of lease of the Lands dated for reference the <@> day of <@>, 19<@> registered in the Land Title Office under No. <@> and made between The University of British Columbia, as Lessor and <@>, as Lessee;
- (p) **"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;
- (q) **"Land Use Plan"** means the land use plan adopted by the Minister pursuant to the *Municipalities Enabling and Validating Act No. 3*, S.B.C. 2001, Ch. 44, for the Point Grey campus lands (within which the Lands are situate), as may be amended from time to time and any subsequent land use plan adopted from time to time;
- (r) **"Land Use Rules"** means the plans, policies, handbooks, guidelines, rules, regulations, bylaws and any other documents no matter how they are titled, adopted in accordance with policy(ies) passed by the Board of Governors of The University of British Columbia from time to time, including the Development Handbook and all other rules governing land use and the construction, renovation, maintenance, repair and replacement of buildings on the Campus and in the neighbourhood in which the Lands are situate;
- (s) **"Lands"** means those lands in the Province of British Columbia, owned by the Lessor and more particularly known and described as Lot<@>, District Lot 6494, Group 1, NWD, Plan <@>;
- (t) **"Leasehold Strata Plan"** means a strata plan deposited in the New Westminster 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, and all amendments thereto whether made before or after the date of this Lease;
- (z) **"Original Lessee"** means <@>, the Lessee named herein;
- (aa) **"Penalty"** means a penalty, fine, cost, levy, imposition or other like charge;
- (bb) **"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;
- (cc) "**Rent**" means the Basic Rent, Additional Rent and any other amounts payable by the Lessee under this Lease;
 - (dd) "**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";
 - (ee) "**Services Levy**" means the charge levied by the Lessor to the Lessee pursuant to Section 3.3 of this Lease for (a) the supply of utilities, including without limitation, water, sewer, telephone, cable, electricity and gas; (b) the use, provision, maintenance and repair from time to time of certain services sometimes provided by municipalities or other public authorities, including without limitation, connections and lines for water, sewer, telephone, cable, electricity and gas; the use, provision, maintenance and repair from time to time of all infrastructure installations, including without limitation, street lighting, sidewalks, curbs, gutters, roads, landscaping; (d) making available for use and maintaining and repairing from time to time open spaces and other public amenities; (e) providing other public services from time to time, including without limitation, traffic control, parking, noise control and pet control; and (g) the purpose of making the Levy Apportionment;
 - (ff) "**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;
 - (gg) "**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;
 - (hh) "**Strata Lot**" means a strata lot shown as such on the Leasehold Strata Plan;
 - (ii) "**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;
 - (jj) "**Substantial Completion**" means substantial completion as defined in Section 4.2 of the Ground Lease;
 - (kk) "**Term**" means the unexpired portion of the Term of the Ground Lease, save and except as modified by ARTICLE 25 of this Lease;
 - (ll) "**Termination**" shall have the same meaning as such expression is given under Part 12 of the *Strata Property Act*;
 - (mm) "**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;

- (nn) **"UBC's Rules and Regulations"** means those rules (including the Land Use 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;
- (oo) **"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 Wesbrook Mall and north of Agronomy Road;
- (pp) **"Unit Entitlement"** shall have the same meaning as such expression is given under the Strata Property Act;
- (qq) **"University Act"** means the *University Act*, R.S.B.C. 1996, Ch. 468 and amendments thereto;
- (rr) **"Zoning Regulations"** means those parts of the Land Use Plan, the Neighbourhood Plan, Site Specific Development Controls, the Development Handbook, and any other applicable Land Use Rules that 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, Land Use Rules, 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 eight 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 eight 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 eight 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;
- (g) Seventh, shall be any other Land Use Rules, and
- (h) Last, shall be any other of 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 outgoings 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 outgoings 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 outgoings 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 Strata Lot 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 one or more laws, rules, policies, regulations or by-laws in advance of the passing of a rating law, rule, policy, regulation or 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 law(s), rule(s), policy(ies), regulation(s) or by-law(s) from time to time in respect of the Strata Lot, 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 law(s), rule(s), policy(ies), regulation(s) or by-law(s) (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 within the area that includes the Strata Lot, for the current year, the Lessor shall determine the Additional Rent by applying the rate or rates of levy established by such rating law(s), rule(s), policy(ies), regulation(s) or by-law(s) (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*, S.B.C. 1953, Ch. 55 minus the Provincial rural service rate levied on the residential property class pursuant to the *Taxation (Rural Area) Act*, R.S.B.C. 1996, Ch. 448) times the net taxable value of the Strata Lot, and if the net taxable value of the Strata Lot is nil,

then times the assessed value of the Strata Lot, in both cases 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 Strata Lot 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. Without limiting Section 1.1 (ee) (the definition of "Services Levy"), 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 supply of utilities, including without limitation, water, sewer, telephone, cable, electricity and gas;
- (c) the types of infrastructure and public amenities on the Campus referred to in the definition of Services Levy;
- (d) 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;
- (e) such other types of infrastructure and public amenities as municipalities, generally, may come to provide during the Term;
- (f) a stabilization fund which may be created by the 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*, S.B.C. 1953, Ch. 55 to the Provincial rural service rate levied on the residential property class pursuant to the *Taxation (Rural Area) Act*, R.S.B.C. 1996, Ch. 448); and
- (g) without limiting the foregoing, any other services, facilities, amenities and activities as set out in any then current agreement between the Lessor and the University Neighbourhoods Association.

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 Strata Lot subject to this Lease, will be equal to the overall level of taxation on strata lots on similar lands and in similar buildings situate in the City of Vancouver having an assessed value equal to the assessed value of the Strata Lot 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. To the extent that the Landlord does not recover the cost of providing a service in any separate charge that is made therefor, the Landlord may recover the balance from the Services Levy collections.

3.4 Delinquent Taxes

If the Lessee shall in any year during the Term fail to pay the taxes under Sections 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 3.5(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 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 3.5(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, Land Use Rules, 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 responsibilities 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 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 4.1 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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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, the Strata Lots, 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 and the Strata Lots;
- (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:

- (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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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, the Strata Lot 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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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 Sections 10.1 and 17.3:

- (a) commencement of Construction of the Buildings shall take place on or before the day which is the ~~<@>sixth~~ 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 which is ~~<@>24~~ months following 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 209 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, the Development Permit, Land Use Rules 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, Land Use Rules, 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 Section 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, Section 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, Section 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 Section 7.1, 7.2 or 7.9 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 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 7.12, 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 Common Property 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) or has failed to cure a breach of a Lessee when required to do so by the Lessor pursuant to subsection 8.2(a), the Lessor through its agents, servants, contractors and sub-contractors although not obliged to do so, may enter upon the Common Property and those parts of any 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, 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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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 and/or the Strata Corporation. 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 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 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, the Strata Lots, 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 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 and/or Common Property 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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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 and the Strata Lots, to the operation, occupation and use of the Buildings, the Strata Lots and the Lands, and to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the Buildings, the Strata Lots, 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 the Strata Lots 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 Strata Lots, 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, if any, bears to the aggregate Unit Entitlement of all of the Strata Lots, if any, at the time the liabilities or obligations are incurred or sustained by or imposed upon the Indemnified Parties, 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 New Westminster 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 New Westminster 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 30 days of the conclusion of each transaction together with particulars of registration in the New Westminster 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 New Westminster 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 Strata Lot 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 29, 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 Strata Lot, 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 Strata

Lot 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 Strata Lot 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 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 19.3) and the Lessor shall have given to the Lessee notice of such default and at the expiration of 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 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 Right to Cure in the Event of Default By the Lessee

The Lessor and the Lessee agree that if the Lessee defaults in performing or observing any of its covenants or obligations under this Lease (other than those referred to in Section 19.1 or subsection 8.2(a)) and the Lessor has given to the Lessee notice of such default and at the expiration of 60 days after the giving of such notice the default continues to exist or, in the case of a default which cannot with due diligence be cured within the period of 60 days aforesaid, the Lessee fails to proceed promptly after the giving of such notice to cure such default, the Lessor shall have the right and licence, at any time, and from time to time, without any liability for trespass or otherwise, to enter upon the Common Property and the Strata Lot to cure such default, and any costs so incurred by the Lessor in curing such default shall be payable to the Lessor under this Lease as Additional Rent.

19.3 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 (other than those referred to in subsections 8.2(a) and 8.2(b)) 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 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 60 days aforesaid, the Strata Corporation fails to proceed promptly after the giving of such notice to cure such default, the Lessor:

- (a) shall have the right and license, at any time, and from time to time, without any liability for trespass or otherwise, to enter upon the Common Property and those parts any Strata Lot required to 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 Additional 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) may 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.

19.4 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.

19.5 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 arbitration. 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, including, without limitation UBC's Rules and Regulations, or any enactment, policies or rules 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

- (a) In this Section;
 - (i) "**Assumed Agreements**" means, collectively, all charges or encumbrances registered against title to the Strata Lot or the Common Property and all agreements benefiting the Strata Lot or the Common Property filed as legal notations on title to the Strata Lot or the Common Property, and includes, without limitation, <@>;
 - (ii) "**Ongoing Benefits**" means all rights, benefits and interest of a party derived from and pursuant to each of the Assumed Agreements, and
 - (iii) "**Ongoing Obligations**" means all covenants, terms, provisos, stipulations, conditions, obligations and liabilities of a party contained in, existing by virtue of or arising out of each of the Assumed Agreements, including, without limitation: the obligations and responsibilities in respect of ongoing payment obligations and liabilities and the performance of all indemnities and releases.
- (b) For the Term and any renewal thereof, the Lessor and the Lessee, respectively, hereby assign, convey and transfer to the Strata Corporation the Assumed Agreements and the Ongoing Benefits of the Lessor, as owner of the Strata Lot together with a proportionate interest in the Common Property, and the Lessee, as lessee of the Strata Lot together with a proportionate

interest in the Common Property, for the sole use and benefit of the Strata Corporation, all without the requirement or necessity of any further acts by or deliveries from the Lessor, Lessee or the Strata Corporation.

- (c) For the Term and any renewal thereof, the Strata Corporation hereby assumes the Assumed Agreements and the respective Ongoing Obligations of the Lessor, as owner of the Strata Lot together with a proportionate interest in the Common Property, and Lessee, as lessee of the Strata Lot together with a proportionate interest in the Common Property. The assumption made hereby is made in addition to, and without limiting any provision of such charge, encumbrance or agreement that 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, encumbrance or agreement.
- (d) The Strata Corporation does hereby acknowledge and agree that the assumption herein of the Assumed Agreements and the Ongoing Obligations is made for the benefit of the Lessor and Lessee and may be enforced by such other parties directly against the Strata Corporation.
- (e) In order to better perfect and assure the assumption herein, at the request of the Lessor or the Lessee, the Strata Corporation will execute and deliver an agreement to the other parties to the Assumed Agreements, whereby the Strata Corporation will covenant and agree with such other parties to observe, perform and be bound by and to the Assumed Agreements and the Ongoing Obligations.

21.5 Covenant Respecting Access Along the <@> Pathway<@>**N.B. if not needed show as Intentionally Deleted.**

- (a) The Strata Corporation acknowledges and agrees that it was a condition of the issuing of the Development Permit that access to the pedestrian pathway (the "**Pathway**") to be constructed by the Original Lessee along the <@> of the Lands between <@> and Lot <@>, District Lot 6494, Group 1, NWD, Plan BCP<@> not be restricted in any way by a fence, gate or other obstruction.
- (b) The Strata Corporation agrees to be bound by such condition and to ensure that such condition is complied with throughout the Term; provided however, it is understood and agreed that access to the Pathway may be temporarily interrupted from time to time when the Pathway is being repaired, maintained or resurfaced from time to time, so long as unrestricted, continuous access to the Pathway is restored within a reasonable time following completion of the maintenance, repair or resurfacing.
- (c) The Lessee covenants and agrees that it will never vote in favour of a resolution of the Strata Corporation that would cause the Strata Corporation to be in breach of this Section 21.5 and both the Lessee and the Strata Corporation jointly and severally covenant and agree that a breach of this Section 21.5 shall be a default under this Lease, that damages would not be an adequate remedy and that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for such a default;
- (d) Notwithstanding what is set out above in this Section 22.3, nothing shall prevent the Lessee from barring entry to, or ejecting from the Pathway any person who:
 - (i) loiters on the Pathway,

- (ii) trespasses on the Pathway,
 - (iii) acts in a loud, disorderly or offensive manner,
 - (iv) molests, pesters, interferes with or obstructs any other person on the Pathway,
 - (v) appears intoxicated, or
- (e) commits or appears to commit an illegal act..

21.6 Covenant Respecting Handicap Stalls

- (a) The Strata Corporation acknowledges and agrees that it was a condition of the issuing of the Development Permit that access to handicap stalls be made flexible so that handicap stalls can be reassigned from time to time by the Strata Corporation to lessees of Strata Lots who can demonstrate legitimate needs for a handicap stall.
- (b) The Strata Corporation and the Lessee jointly and severally agree to be bound by such condition and to ensure that all parking stalls designated as handicap parking stalls (individually "**Handicap Stall**") continue to be so designated during the Term and that the bylaws of the Strata Corporation contain a bylaw to provide that:

"In the event that a lessee of an individual Strata Lot or an occupant thereof wishes to become the holder of a permanent disability handicap parking pass (the "**Handicap Parking Pass**") and entitled to use a Handicap Parking Stall, other than the one to be located in the visitor's parking area which shall always be available to visitors displaying a valid handicap decal issued by an authorized authority, such lessee or occupant (the "**Applicant**") must first make a written application to the Strata Corporation in accordance with the Strata Corporation's rules and procedures for same. Such written application must be accompanied by written confirmation of the Applicant's handicap and be signed by a licensed medical physician in the Province of British Columbia. If there is a Handicap Parking Stall that is not currently allocated to the holder of a Handicap Parking Pass, the strata corporation shall issue a Handicap Parking Pass to the Applicant and designate which Handicap Parking Stall the Applicant may use. If any Applicant ceases to be handicapped, that Applicant's Handicap Parking Pass shall be deemed to be automatically revoked as of the last day of the month following the month in which the Applicant ceases to be handicapped. In the event that there are no unallocated Handicap Parking Stalls available for use by a lessee or occupant at the time of an application for a Handicap Parking Pass, that Applicant shall go on to a waiting list from which Handicap Parking Passes will be issued and Handicap Parking Stalls designated, in the order in which the applications were received by the Strata Corporation. If a Handicap Parking Stall is available but there is no lessee or occupant with a valid Handicap Parking Pass, then the Lessee or Strata Corporation may grant or enter into a licence with any owner or occupier of a strata lot who is not the holder of a Handicap Parking Pass on a month to month basis with respect to the use of any Handicap Parking Stall not then used or occupied by the holder of a Handicap Parking Pass. In the event that any Handicap Parking Stall so licenced is required by a holder of a Handicap Parking Pass, the Lessee or Strata Corporation must terminate such licence on one month's notice."

- (c) The Lessee covenants and agrees that it will never vote in favour of a resolution of the Strata Corporation that would cause the Strata Corporation to be in breach of this Section 21.6 and both the Lessee and the Strata Corporation jointly and severally covenant and agree that a breach of this Section 21.6 shall be a default under this Lease, that damages would not be an

adequate remedy and that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for such a default.

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 Strata Lot 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 subsection 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 fully serviced, but with no other improvements);
 - (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 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 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 New Westminster 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 New Westminster Land Title Office endorsed thereon. All fees for the registration of the renewal of this Lease in the New Westminster 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 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 New Westminster Land Title Office against this Lease and any other normal adjustments not later than 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 Land Use Plan 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 Greater Vancouver Regional District.

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.myuna.ca/>.

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, slowdown 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 this 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:)
)
)
 _____)
 Authorized Signatory)
)
 _____)
 Authorized Signatory)

<@> by its Authorized Signatory(ies):)

)

)

)

Authorized Signatory)

)

Authorized Signatory)

THE OWNERS, LEASEHOLD STRATA)

PLAN EPS<@> by its duly Authorized)

Signatories:)

)

Authorized Signatory)

)

Authorized Signatory)

LAND TITLE ACT
FORM C

(Section 233)
 Province of British Columbia

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

GENERAL INSTRUMENT - PART 1

(This area for Land Title Office use)

Page 1 of 3 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:* DESCRIPTION	DOCUMENT REFERENCE <i>(page and paragraph)</i>	PERSON ENTITLED TO INTEREST
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 ST000010
- (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. **TRANSFEE(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)
	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 \$<@> 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:

Authorized Signatory
Name:

END OF DOCUMENT

ADDENDUM "B"

This is the Addendum 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. ST000010

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 New Westminster 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 New Westminster 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, in respect of the interest of the Original 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 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 SET

ADDENDUM "C"

This is the Addendum referred to in
Section 17.4 of the Model Strata Lot Lease

THIS AGREEMENT made the _____ day of _____, 2_____

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 240, 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 _____, 2_____ (hereinafter called the "**Ground Lease**"), and registered in the New Westminster Land Title Office under registration number _____, on the terms and conditions therein contained, the University, as lessor, did demise and lease to the 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. The Lands have been subdivided into strata lots by the deposit of a leasehold strata plan in the New Westminster 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 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**");

D. _____ has assigned its interest in strata lot _____, Leasehold Strata Plan EPS _____ (hereinafter called the "**Leased Premises**"), to the Lessee;

E. By an indenture of mortgage (hereinafter called the "**Mortgage**") made the ____ day of _____, 2_____, between the Lessee as Mortgagor, and the Mortgagee, and registered in the New Westminster 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 \$ _____), and

F. 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 \$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 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 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 30 days prior request by the Mortgagee, to execute, acknowledge and deliver to the Mortgagee a statement in writing certifying:

- (a) that 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) that 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)
)
_____)
Authorized Signatory)
_____)
Authorized Signatory)

ADDENDUM "D"

This is the Addendum 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 Development Permit, Site Specific Development Controls, Development Handbook, Design Guidelines, Land Use Rules, 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 Development Permit, Site Specific Development Controls, Development Handbook, Design Guidelines, Land Use Rules, 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 ARTICLE 5, ARTICLE 8 and ARTICLE 9 of this Lease.

ADDENDUM "E"

This is the Addendum to the Model Strata Lot Lease

SITE SPECIFIC DEVELOPMENT CONTROLS

The Site Specific development Controls are set forth on the following <@> pages.

Notwithstanding anything else set out in this Lease, if anything 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.

**This is Schedule "B" referred to in
Section 17.4 of this Ground Lease**

THIS AGREEMENT made the _____ day of _____, 2_____

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 240, 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 New Westminster Land Title Office under registration number _____, on the terms and conditions therein contained, the University, as lessor, did demise and lease to the 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 indenture of mortgage (hereinafter called the "**Mortgage**") executed on the _____ day of _____, 20____ between the Lessee as mortgagor, and the Mortgagee, and registered in the New Westminster Land Title Office under no.

_____ the Lessee did sublease by way of mortgage unto the Mortgagee the Lessee's right, title and interest in the Lands under the Ground Lease to secure a principal amount in an unspecified amount plus interest and costs, all as more particularly set forth therein;

C. As contemplated in the Ground Lease, the Lands will be subdivided into strata lots by deposit of a leasehold strata plan in the New Westminster Land Title Office (hereinafter referred to as the "**Leasehold Strata Lots**"), and

D. The Mortgagee is a "Mortgagee", as defined under Section 1.1 of the Ground 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 \$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 Ground Lease, in whole or in part, without the prior written consent of the Mortgagee, not to be unreasonably withheld;
 - (b) will not enter into any agreement for the cancellation, surrender or subordination of the Ground Lease, in whole or in part, without the prior written consent of the Mortgagee;
 - (c) will not agree to any modification or amendment to the Ground 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 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 adversely affect the Mortgagee's security without giving the Mortgagee seven days' prior written notice, and
 - (d) has been furnished with a copy of and has consented to the granting of the Mortgage.
2. The Lessee acknowledges and represents to the Mortgagee that it has entered into possession of the Lands pursuant to the terms of the Ground Lease.
3. The University and the Lessee hereby mutually covenant and agree with the Mortgagee that the words "upon foreclosure of such mortgage" in Section 17.1 of the Ground Lease mean and are intended to mean "upon foreclosure of such mortgage, in connection with any foreclosure proceedings concerning such mortgage or in any other lawful way" and the University and the Lessee hereby agree that Section 17.1 of the Ground Lease is hereby modified and amended to reflect the foregoing. The University and the Lessee also hereby mutually covenant and agree with the Mortgagee that any sale or assignment of the leasehold estate contemplated under Section 17.1 of the Ground Lease, may be made to any purchaser

or assignee notwithstanding anything to the contrary in ARTICLE 16 of the Ground Lease if such sale or assignment is court approved.

4. The University covenants and agrees to grant and provide to the Mortgagee all rights, assurance and notice afforded under the terms of the Ground Lease to a "Mortgagee", as defined in the Ground Lease, and, without limiting the generality of the foregoing, all remedies afforded a "Mortgagee" under the Ground Lease.

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

- (a) that the Ground 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 Ground Lease have been paid, provided that the request specifies with particulars the charges in respect of which such information is required, and
- (c) that to the best knowledge of the maker of the statement, without having conducted any searches or made any particular enquiries, the other party to the Ground Lease is not in default under the provisions of the Ground Lease, or, if in default, the particulars thereof.

6. If the Mortgagee acquires title to the Lessee's interest in the Lands, the Mortgagee covenants and agrees to attorn as tenant under the Ground Lease pursuant to the terms thereof for so long as it remains tenant and has not assigned the balance of the Term, as defined in Section 1.1 of the Ground Lease, and hereby acknowledges that it has had the opportunity to read the Ground Lease and upon attorning as tenant under the Ground Lease shall adopt the covenants and agreements of the Ground 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 Ground Lease if the Mortgagee fails to comply with the requirements of Section 17.2 of the Ground Lease. If the Mortgagee complies with the requirements of this Section 6 and Section 17.2 of the Ground Lease, the Mortgagee shall be given and afforded the right, privileges and benefits of the Lessee under the Ground Lease. For the purposes of this clause, the requirements of Section 17.2 of the Ground Lease do not include any requirement that the Mortgagee cure any default or contingency referred to in subsections 18.1(a) to (e) inclusive of the Ground Lease.

7. If the Mortgagee is the Government of Canada, or a Crown Corporation of the Government of Canada which does not insure risk, and if the University has given to the Mortgagee notice of a default or contingency or notice of the bankruptcy or insolvency of the Lessee entitling the University to re-enter or terminate or forfeit the Ground Lease, and the Mortgagee commences to cure the default or contingency, then upon the Mortgagee curing the default or contingency and if the Mortgagee attorns as tenant to the University, then during the period that the Mortgagee is the tenant of the University under the Lease, the Mortgagee shall not be under any obligation to take out and keep in force by the Lessee any of the insurance required to be taken out and kept in force by the Lessee under the Ground Lease; provided however that the provisions of this Section shall not relieve the Mortgagee, as tenant, from any of the other covenants, conditions and agreements under the Ground Lease.

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

9. If the Mortgagee shall have fully cured any default in the payment of any Rent (as defined in the Ground Lease) or any other amount to be paid by the Lessee under the Ground 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 Lands, then the time specified in Section 17.2 of the Ground Lease for commencing or prosecuting such foreclosure or other proceedings or for curing defaults other than payment of Rent (as defined in the Ground Lease) or any other amount required to be paid by the Lessee under the Ground Lease shall be extended for the period of such prohibition or injunction.

10. If the Mortgagee has cured all defaults and contingencies of which the Mortgagee has received notice from the University under Section 17.2 of the Ground Lease, then it shall be entitled to permit the Lessee to continue as tenant of the Lands unless the Mortgagee has acquired the right, title and interest of the Lessee in the Lands under the Ground Lease, in which case the provisions of Section 6 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.

11. This Agreement shall be deemed to terminate and be of no further force and effect and the obligations, if any, of the Mortgagee under the Lease as tenant shall cease 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 Lands or the Mortgagee has assigned the balance of the Term, as defined in Section 1.1 of the Ground Lease; unless, having obtained an order absolute in foreclosure proceedings against the Lessee, the Mortgagee elects otherwise to continue this Agreement in full force and effect and to be bound as tenant under the Lease.

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

13. The University covenants and agrees with the Mortgagee and the Lessee not to assign or otherwise dispose of its interest in the Lands or its interest in the Ground Lease or any part thereof without first obtaining from the proposed assignee or person to whom such disposition is to be made an agreement to the same effect as set forth herein, such agreement also to contain a covenant on the part of the proposed assignee or person to whom such disposition is to be made to exact a similar agreement from any subsequent assignee or person to whom such disposition is to be made.

14. The parties hereto agree that upon conversion of the Lands into Leasehold Strata Lots, the Model Strata Lot Lease, as appended to the Ground Lease as Schedule "A", shall apply as between the University, the Lessee, and the Mortgagee shall extend to and

charge each strata lot lease created by the deposit of the leasehold strata plan and thereafter for purposes of this Agreement references herein to:

- (a) the Ground Lease shall be a reference to the Model Strata Lot Lease and the applicable provisions (including Addendums) thereof, and
- (b) the Lessee shall be a reference to the Lessee as strata lot lessee or to the Strata Corporation of the Leasehold Strata Lots as the context requires.

15. This Agreement may be executed in counterparts and will be binding when it has been executed and delivered by all parties.

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:)
)
) c/s
)
 _____)
 Authorized Signatory)
)
 _____)
 Authorized Signatory)

THE UNIVERSITY OF BRITISH)
 COLUMBIA)
)
)
 _____)
 Authorized Signatory)
)
 _____)
 Authorized Signatory)

This is Schedule "C" referred to in Section 20.2 of the Ground Lease

PROVINCE OF BRITISH COLUMBIA

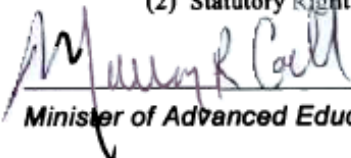
ORDER OF THE MINISTER OF ADVANCED EDUCATION

Ministerial Order No. M 212

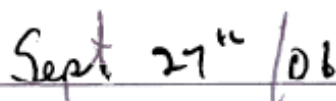
I, Murray Coell, Minister of Advanced Education, hereby order that

- (a) approval is given to the University of British Columbia to dedicate, as may be required, a portion or portions of the Lands as highway under section 107 of the *Land Title Act*;
- (b) approval is given to the University of British Columbia to grant one or more leases for a term or terms of not more than 99 years over:
 - (i) any or all of those portions of the Lands which remain after the dedication of highway referred to above in paragraph (a), and
 - (ii) those portions of the Lands which come to be owned by the University of British Columbia as a result of the closure of existing roads or highways,
 such leases to be substantially in the form of any of the University Commercial Premises Lease South Campus, the University Rental Housing Lease South Campus, the Ground Lease with Model Strata Lot Lease Attached for Co-Development Projects South Campus and South Campus Neighbourhood Ground Lease with Model Strata Lot Lease Attached, copies of which are on file with the office of the Deputy Minister of Advanced Education;
- (c) in paragraphs (a) and (b) of this order "Lands" means those lands located within the area shown bounded by heavy black line on the sketch plan prepared by Murray & Associates, and signed by David Liddle, B.C.L.S., a copy of which is attached hereto, the Lands being part of lands described as:

Parcel Identifier : 012-132-896
 District Lot 6494, Group 1, New Westminster District
 Except: Portions in
 (1) Plans 11345, 18645, 21966, BCP5864 and BCP23588
 (2) Statutory Right of Way Plan 20570.



 Minister of Advanced Education



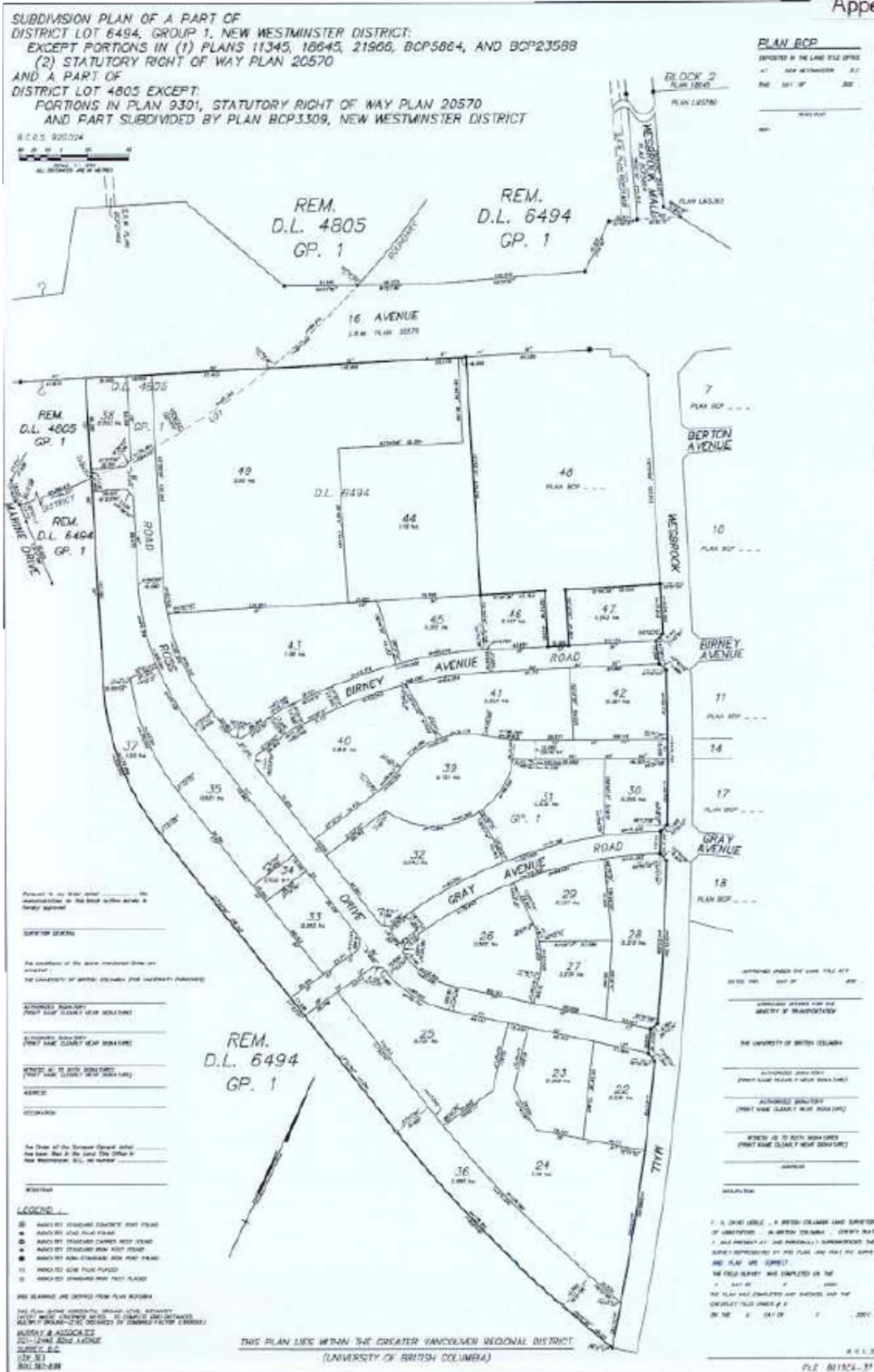
 Date

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: University Act, section 50(2)(a)

Other (specify): _____



This is Schedule "D" to the Ground Lease

SITE SPECIFIC DEVELOPMENT CONTROLS

The Site Specific development Controls are set forth on the following <@> pages.

Notwithstanding anything else set out in this Lease, if anything 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.

GENERAL INSTRUMENT - PART 1

(This area for Land Title Office use)

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)

026-858-<@> Lot <@> District Lot 6494 Group 1 NWD Plan BCP<@>

3. NATURE OF INTEREST: DESCRIPTION	DOCUMENT REFERENCE (page and paragraph)	PERSON ENTITLED TO INTEREST
Leasehold Estate	Annexed Instrument	Transferee

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

(a) Filed Standard Charge Terms

 D.F. Number

(b) Express Charge Terms

X
 Annexed as Part 2

(c) Release

There is no Part 2 to this instrument

A selection of (a) or (b) 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):***

THE UNIVERSITY OF BRITISH COLUMBIA

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

<@>, (Incorporation No. <@>), having an office at Suite <@> - <@> Street, Vancouver, B.C., <@>

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

N/A

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)
	Y	M	D	
_____	<@>	<@>	<@>	THE UNIVERSITY OF BRITISH COLUMBIA by its Authorized Signatory(ies): _____ Print Name: _____ Print Name:

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		
Y	M	D
<@>	<@>	<@>

<@> by its authorized signatories

Print Name and Address

Name:

Solicitor/Notary Public
(As to all signatures)

Name:

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.

TERMS OF INSTRUMENT - PART 2

GROUND LEASE

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA

AND:

<@>

RE: Parcel Identifier <@>
Lot <@>
District Lot 6494
Plan <@>

INDEX

ARTICLE	PAGE
ARTICLE 1 DEFINITIONS	6
ARTICLE 2 PAYMENT OF RENT	10
ARTICLE 3 PAYMENT OF TAXES, SERVICES, LICENSES AND PENALTIES	11
ARTICLE 4 CONSTRUCTION	14
ARTICLE 5 USE OF BUILDINGS	16
ARTICLE 6 INSURANCE	17
ARTICLE 7 REPAIRS AND MAINTENANCE	20
ARTICLE 8 DAMAGE OR DESTRUCTION	21
ARTICLE 9 REPLACEMENT, CHANGES, ALTERATIONS AND SUBSTITUTIONS	22
ARTICLE 10 UNAVOIDABLE DELAYS	23
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 RELEASE, INDEMNITY AND LIMITATION OF LIABILITY	25
ARTICLE 16 SUBLETTING AND ASSIGNING	27
ARTICLE 17 MORTGAGE	30
ARTICLE 18 BANKRUPTCY OF LESSEE	32
ARTICLE 19 DEFAULT BY LESSEE	34
ARTICLE 20 COVENANTS OF LESSOR	36
ARTICLE 21 ARBITRATION	36
ARTICLE 22 CERTAIN COVENANTS AND AGREEMENTS OF LESSEE	37
ARTICLE 23 SURRENDER OF LEASE	39
ARTICLE 24 QUIET ENJOYMENT AND OWNERSHIP OF TENANTS' FIXTURES	39
ARTICLE 25 OVERHOLDING	40
ARTICLE 26 CONVERSION OF GROUND LEASE UNDER <i>STRATA PROPERTY ACT</i>	40
ARTICLE 27 UNIVERSITY NEIGHBOURHOODS ASSOCIATION	41
ARTICLE 28 NOTICE	42
ARTICLE 29 MISCELLANEOUS	42

GROUND LEASE

THIS INDENTURE dated for reference the <@> day of <@>, 20<@>

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA, a British Columbia university created pursuant to the *University Act*, and having an office at Room 240, Old Administration Building, 6328 Memorial Road, Vancouver, British Columbia, V6T 1Z2

(hereinafter called the "**Lessor**")

OF THE FIRST PART

AND:

<@>, a company duly incorporated under the laws of the Province of British Columbia and having an office at <@>, Vancouver, British Columbia, <@> (Incorporation No. <@>)

(hereinafter called the "**Lessee**")

OF THE SECOND PART

WHEREAS the Lessor is the owner of the Lands (hereinafter defined), together with all improvements presently standing thereon.

AND WHEREAS the Lessor has agreed to lease to the Lessee the Lands for the Term (hereinafter defined) in order that the Lessee may erect the Buildings (hereinafter defined) on the Lands, convert this Lease under Section 203 of the *Strata Property Act* and use, occupy and enjoy the Lands and the Buildings erected thereon for the Term of this Lease, all upon the terms and conditions and subject to the provisos herein contained.

NOW THIS 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 Lands upon and subject to the conditions hereinafter expressed.

TO HAVE AND TO HOLD the Lands 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 respectively covenants and agrees to keep, observe and perform to the extent that the same are binding or expressed to be binding upon it.

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, 3.5, 3.7, 6.10, 6.12, 7.3 and 7.4 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, and any other applicable Land Use Rules;
- (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 27;
- (e) "**Basic Rent**" as of any particular time means the net basic rental provided for in this Lease as specified in ARTICLE 2 of this Lease;
- (f) "**Builders Lien Act**" means the *Builders 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 by or for the Lessee pursuant to the provisions of this Lease, including, without limitation, hard landscaping, together with all replacements, alterations, additions, changes, substitutions, improvements or repairs thereto 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) "**Commencement Date**" means the <@> day of <@>, 20<@>;
- (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*, but in its plural form;
- (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 Land Use Plan, Neighbourhood Plan, Site Specific Development Controls, the Development Handbook, and any other Land Use Rules

that 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 that 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) "**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;
- (q) "**Land Use Plan**" means the land use plan adopted by the Minister pursuant to the *Municipalities Enabling and Validating Act No. 3*, S.B.C. 2001, Ch. 44, for the Point Grey campus lands (within which the Lands are situate), as may be amended from time to time and any subsequent land use plan adopted from time to time;
- (r) "**Land Use Rules**" means the plans, policies, handbooks, guidelines, rules, regulations, bylaws and any other documents no matter how they are titled, adopted in accordance with policy(ies) passed by the Board of Governors of The University of British Columbia from time to time, including the Development Handbook and all other rules governing land use and the construction, renovation, maintenance, repair and replacement of buildings on the Campus and in the neighbourhood in which the Lands are situate;
- (s) "**Lands**" means those lands in the Province of British Columbia, more particularly known and described as Lot <@>, District Lot 6494, Group 1, NWD, Plan BCP<@>;
- (t) "**Leasehold Strata Plan**" means a strata plan deposited in the New Westminster 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 27;
- (v) "**Mortgage**" means a mortgage or mortgages upon or in respect of and specifically charging the leasehold interest of the Lessee in the Lands and the Buildings 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;
- (w) "**Mortgagee**" means a mortgagee or mortgagees under a Mortgage;
- (x) "**Neighbourhood Plan**" means the neighbourhood plan approved by The University of British Columbia for the neighbourhood in which the Lands are situate, and all amendments thereto whether made before or after the date of this Lease;
- (y) "**Owner**" shall have the same meaning as such expression is given under the *Strata Property Act*;
- (z) "**Penalty**" means a penalty, fine, cost, levy, imposition or other like charge;

- (aa) "**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;
- (bb) "**Rent**" means the Basic Rent, Additional Rent and any other amounts payable by the Lessee under this Lease;
- (cc) "**Services Levy**" means the charge levied by the Lessor to the Lessee pursuant to Section 3.3 of this Lease for (a) the supply of utilities, including without limitation, water, sewer, telephone, cable, electricity and gas; (b) the use, provision, maintenance and repair from time to time of certain services sometimes provided by municipalities or other public authorities, including without limitation, connections and lines for water, sewer, telephone, cable, electricity and gas; (c) the use, provision, maintenance and repair from time to time of all infrastructure installations, including without limitation, street lighting, sidewalks, curbs, gutters, roads, landscaping; (d) making available for use and maintaining and repairing from time to time open spaces and other public amenities; (e) providing other public services from time to time, including without limitation, traffic control, parking, noise control and pet control; and (g) the purpose of making the Levy Apportionment;
- (dd) "**Site Specific Development Controls**" means those site specific development controls attached to this Lease as Schedule "D" dealing with design, siting, zoning, building area and other issues and all amendments thereto whether made before or after the date of this Lease;
- (ee) "**Special Resolution**" means a special resolution passed by the Strata Corporation in accordance with the provisions of the *Strata Property Act*;
- (ff) "**Strata Corporation**" means the corporation created by the provisions of the *Strata Property Act* upon the deposit of the Leasehold Strata Plan in the New Westminster Land Title Office;
- (gg) "**Strata Lot**" means a strata lot shown as such on the Leasehold Strata Plan;
- (hh) "**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;
- (ii) "**Substantial Completion**" means substantial completion as defined in Section 4.2 of this Lease;
- (jj) "**Term**" means the 99 year period commencing on the <@> day of <@>, 20<@> and ending at 11:59 p.m. on the <@> day of <@>, 21<@>;
- (kk) "**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 assigns and each of its subsidiary, affiliated or associated corporations and all others for whose conduct The University of British Columbia is responsible in law;

- (ll) **"Trustee"** means a trust company duly authorized to carry on business in the Province of British Columbia appointed by the Lessor for the purposes of Sections 4.5 and 6.7;
- (mm) **"UBC's Rules and Regulations"** means those rules (including the Land Use 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;
- (nn) **"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 Wesbrook Mall and north of Agronomy Road;
- (oo) **"Unit Entitlement"** shall have the same meaning as such expression is given under the *Strata Property Act*;
- (pp) **"University Act"** means the *University Act*, R.S.B.C. 1996, Ch. 468 and amendments thereto, and
- (qq) **"Zoning Regulations"** means those parts of the Land Use Plan, the Neighbourhood Plan, the Site Specific Development Controls, the Development Handbook, and any other applicable Land Use Rules, 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, Land Use Rules, 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 eight 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 eight 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 eight 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;

- (g) Seventh, shall be any other Land Use Rules, and
- (h) Last, shall be any other of 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 PAYMENT OF RENT

2.1 Rent

- (a) The Lessee covenants and agrees to pay to the Lessor as Basic Rent the sum of \$<@> payable on or before the Commencement Date plus Supplementary Rent, if applicable, as set out in Addendum "F" attached to the Model Strata Lot Lease, which Model Strata Lot Lease is attached to this Lease as Schedule "A", and
- (b) The Lessor acknowledges receipt of a deposit in the amount of \$<@> which shall be applied towards the Basic Rent payment set forth in subsection 2.1(a) above.

2.2 Payments Generally

All payments by the Lessee to the Lessor of whatsoever nature required or contemplated by this Lease 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

Unless otherwise expressly stipulated herein to the contrary, all 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 Lands, the Buildings and any other improvements of the Lands or for any other matter or thing affecting the Lands, 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 Lands, the Buildings or any other

improvements on the Lands and that the Lessee shall pay or cause to be paid all such taxes, charges, rates, assessments, expenses, costs, payments and out goings.

2.4 Interest on Amounts in Arrears

When the Rent 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 Lands, the Buildings, all other structures, all machinery, equipment, facilities and other property of any nature whatsoever thereon and therein which were due and payable during the Term within 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 Lands, the Buildings or any other structures, any machinery, equipment, facilities and other property of any nature whatsoever thereon and therein, forward a copy thereof to the Lessee. The Lessee shall have the right from time to time to appeal any assessment of the Lands or the Buildings 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.

The Lessee shall be responsible for the payments referred to in this Section 3.1 from the Commencement Date.

3.2 Payment of Taxes if Lessor is Exempt Therefrom

The Lessee covenants and agrees with the Lessor that if during the Term, the Lands, the Buildings, all other structures, all machinery, equipment and facilities and other property of any nature whatsoever, thereon and therein, are by the provisions of 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, the Buildings and all other structures, all machinery and equipment and facilities and other property of any nature whatsoever thereon and therein, and
- (b) after the passing of a rating by-law or rating by-laws (as the case may be) by the 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 Lands, the Buildings and all other structures, all machinery, equipment, and facilities and other property of any nature whatsoever thereon and therein as the said rate or rates of levy are applied to other taxpayers in the 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 Lands or Buildings 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.

The Lessee shall be responsible for the payments referred to in this Section 3.2 from the Commencement Date.

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*, S.B.C. 1953, Ch. 55. minus the Provincial

rural service rate levied on the residential property class pursuant to the *Taxation (Rural Area) Act*, R.S.B.C. 1996, Ch. 448) times the net taxable value of the Lands and improvements, and if the net taxable value of the lands is nil, then times the assessed value of the Lands and Improvements, in both cases 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. Without limiting Section 1.1 (cc) (the definition of "Services Levy"), 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 27);
- (b) the supply of utilities, including without limitation, water, sewer, telephone, cable, electricity and gas;
- (c) the types of infrastructure and public amenities on the Campus referred to in the definition of Services Levy;
- (d) 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;
- (e) such other types of infrastructure and public amenities as municipalities, generally, may come to provide during the Term;
- (f) 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*, S.B.C. 1953, Ch. 55 to the Provincial rural service rate levied on the residential property class pursuant to the *Taxation (Rural Area) Act*, R.S.B.C. 1996, Ch. 448; and
- (g) without limiting the foregoing, any other services, facilities, amenities and activities as set out in any then current agreement between the Lessor and the University Neighbourhoods Association.

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. To the extent that the Landlord does not recover the cost of providing a service in any separate charge that is made therefor, the Landlord may recover the balance from the Services Levy collections.

3.4 Delinquent Taxes

If the Lessee shall in any year during the Term fail to pay the taxes under Sections 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 Payment of Utility Services

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 Lands and the Buildings throughout the Term and will indemnify and keep indemnified the Lessor from and against payment of all losses, costs, charges and expenses occasioned by or arising from any and all such charges, and any such loss, costs, charges and expenses which relate to such charges suffered by the Lessor may be collected by the Lessor as Additional Rent with all rights of distress and otherwise as reserved to the Lessor in respect of rent in arrears.

3.6 Business Tax and License Fees

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 Lands 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.

3.7 Penalties Levied By The University of British Columbia

The Lessee covenants 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, Land Use Rules, UBC's Rules and Regulations, 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 CONSTRUCTION

4.1 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, Land Use Rules, 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,

the Development Handbook and any other applicable Land Use Rules. 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 and 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.

4.2 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 Buildings are ready for occupancy.

For purposes other than subsection 4.3(b), Substantial Completion may be in respect of portions of the Buildings.

4.3 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 17.2;

- (a) Commencement of Construction of the Buildings shall take place on or before the day which is the <@> month anniversary of the Commencement Date, and
- (b) the Buildings, services and facilities shall be Substantially Completed in accordance with the requirements of Section 4.2 on or before the day which is the <@> month anniversary of the day of Commencement of Construction.

4.4 Termination Where 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 4.3, the Lessor shall have the right and option to terminate this Lease and the provisions of Section 19.1 shall apply, save only as modified by subsection 4.4(c) hereof.

- (b) In the event of a dispute between the Lessor and the Lessee as to whether or not the Lessor is entitled to terminate this Lease pursuant to the provisions of this Section 4.4 the Lessor and the Lessee agree to submit such dispute to arbitration in accordance with the provisions of ARTICLE 21.
- (c) If the Lessor terminates this Lease under this Section 4.4, then the Lessor shall be entitled to retain as liquidated damages and not as a penalty, an amount equal to 25% of the Basic Rent.

4.5 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 4.5 shall be payable to the Mortgagee or to the Trustee if there is no Mortgagee and shall be available to finance repair and reconstruction.
- (c) All the provisions of ARTICLE 6 respecting insurance which are of general application shall apply to the insurance during construction of the Buildings required by this Section 4.5.

ARTICLE 5 USE OF BUILDINGS

5.1 Use of Buildings

The Lessee covenants and agrees with the Lessor that neither the Lands nor the Buildings nor any part of the Lands or the Buildings shall be used for any purposes except that of self-contained strata-titled residential accommodation and related lawful uses, including, without limitation, those permitted by the Development Handbook, the Development Permit, the Site Specific Development Controls and/or the Land Use Rules, together with other facilities ancillary thereto and connected therewith as set forth in the Development Permit.

ARTICLE 6 INSURANCE

6.1 Insurance

At all times during the Term immediately following the Substantial Completion of construction of the Buildings, the Lessee shall, at no expense to the Lessor, insure and keep insured or cause to be insured the Buildings with one or more companies entitled to do business in the Province of British Columbia against loss or damage by fire and other perils now or hereafter from time to time embraced by or defined in the commercial building form of insurance coverage applicable to similar properties as the Lands and the Buildings and effected in the Province of British Columbia by prudent owners from time to time during the Term including, without restricting the generality of the foregoing, the hazards of lightning, 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.

6.2 Pressure Vessel Insurance

At all times during the Term the Lessee 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 and the Lessee during the Term in respect of all boilers and such other pressure vessels, such insurance shall cover loss or damage caused by rupture of steam pipes.

6.3 Deductible Amounts

Any of the policies of insurance referred to in Section 4.5 or 6.1 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 Lessee and approved by the Lessor, such approval not to be unreasonably withheld, and the Lessee 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 6.7 hereof, be included as part of the insurance monies payable and paid.

6.4 Co-Insurance Clauses

If any of the policies of insurance referred to in Sections 4.5 and 6.1 hereof shall contain any co-insurance clauses, the Lessee 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 or the Lessee from becoming a co-insurer under the terms of such policy or policies and to permit full recovery in the event of loss.

6.5 Identity of Insured and Subrogation

Any and all policies of insurance referred to in Section 4.5 and 6.1 hereof shall:

- (a) be written in the name of the Lessee and the Lessor as the insureds with loss payable to the Lessor, the Lessee and the Mortgagee, if any, as their respective interests may appear;
- (b) shall contain a waiver of subrogation clause to the effect that any release from liability entered into by the Lessee prior to any loss, shall not affect the right of the Lessee, the Mortgagee or the Lessor to recover, and

- (c) contain a provision or shall bear an endorsement that the insurer will not cancel such policy without first giving the Lessor and the Mortgagee at least 30 days' notice in writing of its intention to cancel.

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

The Lessee hereby releases the Indemnified Parties from any and all liability for loss or damage caused by any of the perils against which the Lessee shall have insured, or pursuant to the terms of this Lease is obligated to insure, and the Lessee hereby covenants 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.

6.7 Payment of Loss Under the Insurance Policy Referred to in Section 6.1

- (a) The insurance monies payable under any or all of the policies of insurance referred to in Section 6.1 or 6.12 hereof, shall, notwithstanding the terms of the policy or policies, be paid to the order of the Mortgagee or to the order of the Trustee if there is no Mortgagee.
- (b) Subject to ARTICLE 8 the Lessor and the Lessee agree that the Mortgagee or Trustee (as the case may be) 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 Lessee or such other person as the Lessor and the Lessee may agree upon who is in charge of such restoration, reconstruction or replacement. Should the Lessee 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 Mortgagee or Trustee to whom such insurance monies are payable shall pay or cause to be paid to the Lessor such insurance monies in the same manner the Mortgagee or Trustee (as the case may be) would have done had the Lessee effected such restoration, reconstruction or replacement.

6.8 Workers' Compensation Coverage

At all times during the Term, the Lessee 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 Lands or the Buildings.

The Lessee 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 Lessee shall take all reasonable steps to ensure the resolution of such dispute forthwith. At all times the Lessee shall 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 Lessee of its obligation under this Section 6.8 to ensure the said full workers' compensation coverage is maintained. The Lessee shall further ensure that no amount of the said Workers' Compensation coverage is left unpaid so as to create a lien on the Lands or the Buildings. If the workers' compensation coverage required by this Section 6.8 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.

6.9 Comprehensive General Liability

At all times during the Term, the Lessee shall at the expense of the Lessee, 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, indemnifying and protecting the Indemnified Parties and the Lessee and its directors, officers, employees, agents, successor and assigns to limits approved by the Lessor from time to time, such approval not to be unreasonably withheld.

6.10 Payment of Insurance Premiums

The Lessee shall pay or cause to be paid all the premiums under the policies of insurance referred to in this ARTICLE 6 as they become due and payable and in default of payment by the Lessee, the Lessor may pay the same and add the amount so paid to the Additional Rent with all rights of distress and otherwise as reserved to the Lessor in respect of Additional Rent as rent in arrears.

6.11 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 Lessee 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 Lessee hereunder, accompanied by evidence satisfactory to the Lessor that the premiums thereon have been paid.

6.12 Insurance May be Maintained by Lessor

The Lessee agrees that should the Lessee 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 6.1, or fail to maintain insurance against claims for personal injury, death or property damage or loss as required under Section 6.9, 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 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 under this Section 6.12 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 and any Mortgagee as their interests may appear.

6.13 Appointment of Trustee

The Lessor hereby reserves the right to appoint a Trustee at any time and from time to time during the Term, but only after giving to the Lessee not less than 15 days' notice of its intention to do so, to manage the payment out of insurance monies for the restoration, reconstruction or replacement of loss or damage to the Lands or the Buildings, such appointment to be made in the sole discretion of the Lessor in circumstances in which insurance proceeds might otherwise be payable to the Lessee.

ARTICLE 7 REPAIRS AND MAINTENANCE

7.1 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 Lands or the Buildings, the Lessee hereby assuming the full and sole responsibility for the condition, operation, repair, replacement, maintenance and management of the Lands and the Buildings.

7.2 Repair by the Lessee

The Lessee at the Lessee's cost and expense shall during the Term, put and keep in good order and condition or shall cause to be put and keep 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 Lands and the Buildings, and the appurtenances and equipment thereof, both inside and outside, including, but not limited to fixtures, walls, foundations, roofs, vaults, elevators, if any, and similar devices, heating and air conditioning equipment, sidewalks, landscaping, yards and other like areas, water and sewer mains and connections, water, steam, gas, and electric pipes and conduits, and all other fixtures on the Lands and the Buildings and machinery and equipment used or required in the operation thereof, whether or not enumerated herein, and shall, in the same manner and to the same extent as a prudent owner, make any and all necessary repairs, replacements, alterations, additions, changes, substitutions and improvements, ordinary or extraordinary, foreseen or unforeseen, structural or otherwise, and keep the Buildings and aforesaid fixtures, appurtenances and equipment fully usable for all the purposes for which the Buildings were erected and constructed and the aforesaid fixtures, appurtenances and equipment were supplied and installed. Such repairs shall be in all respects to the standard at least substantially equal in quality of material and workmanship to the original work and material in the Buildings and aforesaid fixtures, appurtenances and equipment.

The Lessee shall not commit or suffer waste or injury to the Lands or the Buildings or any part thereof (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the Buildings or the foundation or structure of the Buildings) and shall not use or occupy or permit to be used or occupied the Lands or the Buildings or any part thereof for any illegal or unlawful purpose or in any manner which will result in the cancellation of any insurance, or in the refusal of any insurers generally to issue any insurance as requested. The Lessee shall not injure or disfigure the Lands or the Buildings or permit the same to be injured or disfigured in any way; and at the expiration or other termination of this Lease, the Lessee shall, except as otherwise expressly provided herein, surrender and deliver up the Lands with 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 Lands "as is" knowing the condition thereof, and agreeing that the Lessor has made no representation, warranty or agreement with respect thereto, except as otherwise expressly provided herein.

7.3 Repairs to Buildings by Lessor

The Lessee covenants and agrees with the Lessor that if the Lessee does not put and keep in good order and condition or cause to put and keep 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 Lands and the Buildings and the fixtures, appurtenances and equipment thereof, both inside and outside, all as more particularly required by the provisions of Section 7.2, the Lessor through its agents, servants, contractors and subcontractors, although not obliged to do so, may enter upon those parts of the Lands and the Buildings required for the purpose of making the necessary

repairs required to put the Lands, Buildings, fixtures, appurtenances and equipment in good order and condition (reasonable wear and tear excepted so long as the reasonable wear and tear does not unreasonably affect the exterior appearance of the Buildings or the foundation or structure of the Buildings); provided that the Lessor will make such repairs, only after giving the Lessee 60 days' written notice of its intention so to do, except in the case of an emergency. Any amount paid by the Lessor in making such repairs to the Lands and the Buildings or any part or parts thereof, together with all costs and expenses of the Lessor shall be reimbursed to the Lessor by the Lessee 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 as Additional Rent.

7.4 Removal of Ice and Snow from Sidewalks

The Lessee covenants and agrees with the Lessor that if the Lessee 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 Lessee 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 Lessee 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 as Additional Rent.

ARTICLE 8 DAMAGE OR DESTRUCTION

8.1 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 Lands or the Buildings or to demand any abatement or reduction of the Rent or other charges payable under this Lease, any law or statute now or in the future to the contrary notwithstanding.

8.2 Lessee's Obligations When the Buildings Are Damaged or Partially Destroyed

The Lessee covenants and agrees with the Lessor that in the event of damage to or partial destruction of the Buildings, the Lessee, subject to the regulations and requirements of The University of British Columbia and any other governmental authority having jurisdiction 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.

8.3 Lessee's Obligations When the Buildings Are Completely or Substantially Destroyed

The Lessee covenants and agrees with the Lessor that in the event of complete or substantially complete destruction of the buildings the Lessee, subject to the regulations and requirements of The University of British Columbia and any other governmental authority having jurisdiction, shall either:

- (a) reconstruct or replace the Buildings, with a new structure or structure 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.

8.4 Replacement, Repair or Reconstruction Under Section 8.2 or 8.3 to be Carried Out in Compliance with Sections 7.2 and 9.1

Any replacement, repair or reconstruction of the Buildings or any part thereof pursuant to the provisions of Section 8.2 or 8.3 hereof shall be made or done in compliance with the provisions of Sections 7.2 and 9.1 hereof.

**ARTICLE 9
REPLACEMENT, CHANGES, ALTERATIONS AND SUBSTITUTIONS**

9.1 The Lessee 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, 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, which approval The University of British Columbia agrees not to unreasonably withhold.

The Lessee covenants and agrees with the Lessor that, subject to ARTICLE 10, all changes, alterations, replacements, substitutions and additions undertaken by or for the Lessee once begun shall be prosecuted with due diligence to completion. All such changes, alterations, additions shall meet the requirements of the Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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, 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 of any one employed by it 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 and not avoidable by the exercise of reasonable effort or foresight by the Lessee, the Lessee 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 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 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 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 21.

The Lessee 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 Release of Liens

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 Lands or the Buildings, which may be registered against or otherwise affect the Lands or the Buildings, to be paid, satisfied, released (including, without limitation, the release of all such liens from the interest of the Lessor in the Lands), or vacated within 42 days after the Lessor shall send to the Lessee and the Mortgagee written notice by registered mail of any claim for any such lien. PROVIDED HOWEVER, that in the event of a bona fide dispute by the Lessee of the validity or correctness of any claim for any such lien, the Lessee shall not be bound by the foregoing, but shall be entitled to defend against the same in any proceedings brought in respect thereof after first paying into court the amount claimed or sufficient security therefor, and such costs as the court may direct, or the Lessee may provide, as security in respect of such claim, an irrevocable letter of credit, lodged with the Lessor, for 120% of the full amount of any claim for any such lien, the amount of which letter of credit shall be increased every six months to include interest on the claimed amount at the Prime Rate, calculated semi-annually not in advance from the date any such claim is registered against or otherwise affects the Lands or the Buildings, continuing so long as the aforesaid proceedings shall continue and which letter of credit shall be on terms sufficient to protect the Lessor's interest in the Lands and the Buildings and in a form reasonably satisfactory to the Lessor and shall be issued by one of the chartered Banks of Canada; and, upon being entitled to do so, the Lessee shall register all such documents as may be necessary to cancel such lien from the Lands and the Buildings, including, without limitation, the Lessor's interest therein.

11.2 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 the Lessee or persons for whom the Lessee is in law responsible. The Lessee acknowledges and

agrees that the improvements to be made to the Lands will be made at the Lessee's request solely for the benefit of the Lessee and those for whom the Lessee is in law responsible. The Lessor has filed a notice of interest in the New Westminster 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 Lessor and the Lessee agree that it shall be lawful for a representative of the Lessor at all reasonable times during the Term to enter the Lands and the Buildings, or any of them and to examine the condition thereof; and, further, that all wants of reparation as required by Section 7.2 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, 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 Lands and the Buildings 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 Lands and the Buildings.

ARTICLE 13 OBSERVANCE OF REGULATIONS

13.1 The Lessee covenants with the Lessor that, notwithstanding any other provision of this Lease to the contrary, throughout the Term the Lessee 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, other governmental regulations or regulations of The University of British Columbia, including, without limitation, the Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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 to the extent that the Lessee operates, occupies and uses the Buildings or the Lands whether by subletting the same or any part thereof or otherwise prior to the filing of the Leasehold Strata Plan and the creation of the Strata Corporation, 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.

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 RELEASE, INDEMNITY AND LIMITATION OF LIABILITY

15.1 Indemnification of the Indemnified Parties by the Lessee

The Lessee covenants and agrees to defend, indemnify and save harmless the Indemnified Parties from and against all damages, losses, actions, causes of action, 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 Lessee agrees 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 whatsoever relating to and arising during the Term or any period of overholding out of:
 - (i) bodily injury or death;
 - (ii) property damage;
 - (iii) or 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 or any portion thereof;
 by the Lessee or any assignee, subtenant, agent, employee, contractor, subcontractor, invitee or licensee of 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 Lessee to be fulfilled, kept, observed or performed.

15.2 Limitation of Liability of The University of British Columbia

The Lessee acknowledges and agrees 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 Lessee, its officers, employees, agents, contractors, subcontractors, successors and assigns 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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, UBC's Rules and Regulations and/or the Zoning Regulations, or any other applicable codes, regulations, by-laws or any other enactments in respect of the Lands or lands elsewhere on the Campus.

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

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

The Lessee does hereby remise, release and forever discharge, and does 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:

- (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, or
- (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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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 Lessee from its obligations under this release and indemnity.

15.4 Indemnification Survives Termination of Lease

The obligations 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, subject to the provisions of Section 26.4 hereof, 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.

ARTICLE 16 SUBLETTING AND ASSIGNING

16.1 Subletting by Lessee - Other Than by Way of Mortgage

Save as expressly provided in Section 16.3, the Lessee shall not and will not during the Term sublease the Lands or any part thereof or any structure or any part of any structure erected thereon to any person, persons or corporation whatsoever, without the consent in writing of the Lessor, which consent the Lessor may arbitrarily withhold; PROVIDED HOWEVER that:

- (a) if Basic Rent and Additional Rent and taxes or amounts in lieu of taxes 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, the Lessee may from time to time without the consent of the Lessor, enter into subleases with lessees or occupants of the dwelling units in the Buildings comprising in every case part or parts (but not the whole) of

the Buildings, such dwelling units to be used by the lessees or occupants for residential purposes only;

- (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 New Westminster Land Title Office.

16.2 Assignment by Lessee - Other Than by Way of Mortgage

- (a) The Lessee shall not and will not during the Term (other than by way of Mortgage as permitted in or by Section 16.3) assign, transfer or sell or otherwise, by any act or deed, cause the Lands or the Buildings, or any of them, or this Lease, to be assigned, transferred or sold to any person, persons or corporation whatsoever without the consent in writing of the Lessor, which consent the Lessor shall not unreasonably withhold, provided as hereinafter set forth.
- (b) Provided that the Lessor, in considering a request by the Lessee that such an assignment be approved, shall be acting reasonably in taking into account the following matters, and if the Lessor is not satisfied as to any of such matters, the Lessor shall be acting reasonably in refusing to approve the proposed assignment:
 - (i) the reputation and experience of the proposed assignee as a real estate developer and the nature of the business of the proposed assignee;
 - (ii) the financial standing and capability of the proposed assignee (as evidence of which the three most recent financial statements of the proposed assignee shall be provided to the Lessor), including, without limitation, evidence that the proposed assignee will be able to secure a lender to finance construction of the Buildings and all ancillary facilities, and evidence that there are no actions, suits, claims, legal or administrative proceedings or investigations, private or public, pending or threatened, which might affect the proposed assignee's ability to fulfil all the covenants and agreements of the Lessee under this Lease and the Model Strata Lot Lease;
 - (iii) the ability of the Lessee and the proposed assignee to arrange that the proposed assignee, following the assignment, will have full ability to perform the covenants and agreements of the Lessee under this Lease and the Model Strata Lot Lease, including, without limitation, evidence that all drawings, plans, specifications, designs, applications, permits, approvals and contracts relating to the construction of the Buildings and all facilities ancillary thereto will be assigned to the proposed assignee, and
 - (iv) past and present dealings of the proposed assignee with The University of British Columbia.
- (c) Provided however that the Lessor shall also be acting reasonably and shall be entitled arbitrarily to withhold its consent to an assignment:
 - (i) if the Lessee is in default in the performance and observance of any of the covenants, provisos and agreements required of the Lessee to be performed and observed under this Lease, the Model Strata Lot Lease, or any restrictive covenant registered against the Lands in priority to this Lease;

- (ii) if the Basic Rent to be paid by the Lessee to the Lessor under Section 2.1 has not been paid in full;
 - (iii) unless the proposed assignee enters into an agreement, in form and content satisfactory to the Lessor, with the Lessor whereby the proposed assignee covenants directly with the Lessor and agrees to be bound by and comply with all the covenants, provisos and agreements required of the Lessee to be performed and observed under this Lease and the Model Strata Lot Lease.
- (d) Notwithstanding the foregoing, if Basic Rent and Additional Rent and taxes or amounts in lieu of taxes 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:
- (i) the Lessee, without the consent of the Lessor, may offer for sale its leasehold interest in the proposed Strata Lots which the Lessee proposes to create by deposit of a Leasehold Strata Plan in accordance with ARTICLE 26 (provided however, that where the Lessee proposes to offer for sale its leasehold interest in all the proposed Strata Lots to one person or one corporation or group of companies with substantially the same shareholders or directors, then the prior consent of the Lessor to such person or corporation must be obtained in accordance with subsections 16.2(b) and (c)) provided that the Lessee has complied with all requirements of the *Real Estate Development Marketing Act*, S.B.C. 2004, c. 41 so far as they pertain to the offer for sale of the proposed Strata Lots;
 - (ii) the Lessee, without the consent of the Lessor, may assign, transfer or convey its leasehold interest in those Strata Lots created by the deposit of the Leasehold Strata Plan as aforesaid which have been Substantially Completed, if The University of British Columbia has issued an occupancy permit in respect thereof and the provisions of Section 16.2 of the Model Strata Lot Lease attached hereto as Schedule "A" shall apply to such assignments, transfers or conveyances.
- (e) If the Lessee is required by the Superintendent of Real Estate to submit a prospectus or disclosure statement, as the case may be, to the Superintendent relating to proposed Strata Lots, a copy of the prospectus or disclosure statement shall be delivered to the Lessor within 30 days of the acceptance thereof by the Superintendent of Real Estate.
- (f) A copy of any or all agreements to purchase, assignments, transfers or sales shall be furnished to the Lessor within 30 days of the completion of each transaction together with particulars, if any, of registration in the New Westminster Land Title Office.

16.3 Mortgaging by Lessee

The Lessee shall have the right, without the consent of the Lessor, at any time and from time to time to mortgage its leasehold estate by assignment or sublease and, inter alia, to give security by way of an assignment of rents and to extend, modify, renew, vary or replace any such mortgage, assignment or other security. A copy of any or all mortgages shall be furnished to the Lessor together with particulars of registration in the New Westminster Land Title Office within 30 days of such registration.

ARTICLE 17 MORTGAGE

17.1 Rights of Mortgagee

The Mortgagee under any Mortgage referred to in Section 16.3 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.

17.2 Notice to and Remedies of Mortgagee

- (a) No re-entry, termination, acceptance of surrender, disclaimer or forfeiture of this Lease by the Lessor or by a receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee shall be valid against the Mortgagee who has executed and delivered to the Lessor a tripartite agreement in the form attached hereto as Schedule "B" unless the Lessor shall first have given to the Mortgagee notice of the default entitling the Lessor to re-enter, terminate or forfeit this Lease, specifying the nature of that default and stating the Lessor's intention to take such proceedings and requiring the Mortgagee:
 - (i) to cure the default specified in the notice within a period of 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 Lands and the Buildings for that purpose.
- (b) If the default is cured within the period specified, the Mortgagee shall be entitled to become tenant of the Lands and Buildings 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; EXCEPT that in the event any Mortgagee has commenced a foreclosure action the provisions of subsection 17.2(c) shall apply.
- (c) In the event the Mortgagee commences foreclosure proceedings against the Lessee, whether or not the Lessee 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 re-enter, terminate or forfeit this Lease after the commencement of foreclosure proceedings on the ground of any default or contingency entitling the Lessor to re-enter, terminate or forfeit this Lease if the Mortgagee:

- (i) shall first have given to the Lessor notice of the foreclosure proceedings;
- (ii) is actively prosecuting the foreclosure proceedings without undue delay;
- (iii) cures the default or contingency within a period of 60 days from the date of receipt of notice from the Lessor specifying the nature of the default or contingency, or if the default or contingency 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 or contingency 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 contingency;
- (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 Lands and the Buildings 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 or contingency granted by this subsection 17.2(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 termination or forfeiture 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 28, the Lessor shall give to the Mortgagee notice of the bankruptcy or insolvency of the Lessee entitling the Lessor to terminate or forfeit 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 subsection 17.2(c);
 - (ii) takes possession and control of the Lands and the Buildings, or causes a receiver to be appointed under the terms of the Mortgage or by a court of competent jurisdiction, who takes possession and control of the Lands and the Buildings, and the Lessor hereby grants the Mortgagee or such receiver access to the Lands and the Buildings 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 re-entry, termination or forfeiture of this Lease made in accordance with the provisions of this Lease as against the Lessee shall be valid and effectual against the Lessee even though made subject to the rights of any Mortgagee to cure any default of the Lessee and to continue as tenant under this Lease.
- (f) No entry upon the Lands or into the Buildings by the Mortgagee pursuant to this Section 17.2 for the purpose of curing any default or defaults of the Lessee shall release or impair the continuing obligations of the Lessee.

17.3 Mortgage Subject to Lessor's Rights Under Lease

Subject to the provisions of Section 17.2, every Mortgage shall be made expressly subject to the rights of the Lessor under this Lease.

17.4 Protection of Mortgagee (Tri-Partite Agreements)

The Lessor and the Lessee agree that the obligations of the Lessor under Section 17.2 are subject to the Mortgagee entering into an agreement in the form attached hereto as Schedule "B" whereby the Mortgagee covenants and agrees that if it acquires title to the Lessee's interest in this Lease but only for so long as it holds such title, it shall 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 agree, subject to the provisions of Sections 17.2 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 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 voluntary 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 Lands and the Buildings 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 Lands and the Buildings 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, trustee, liquidator or custodian holds and retains the Lands 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) upon approval of the court as hereinafter provided, sell, transfer or otherwise dispose of all the interest of the Lessee in this Lease and the Lands and the Buildings 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 the Supreme Court of British Columbia upon the application of such receiver, interim-receiver, receiver-manager, liquidator, custodian or trustee and after 14 days' written notice of such application to the Lessor, 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.

18.2 Certain Rights of the Parties

The Lessor and the Lessee 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 Lands and the Buildings for the purposes of the trust estate. 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 re-enter the Lands and the Buildings without being liable for any prosecution or damages

therefor, and may repossess and enjoy the Lands and the Buildings and all fixtures and improvements therein and thereon, except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants and which are not part of the Buildings or the Lands 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 Lands and the Buildings 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 Lands and the Buildings, nor affect his right to disclaim or to surrender possession pursuant to the provisions of Section 18.1.
- (c) If after occupation of the Lands and the Buildings, 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 Lands and the Buildings and all interests and rights of the Lessee therein and hereunder to a person approved by the court as provided by Section 18.1, 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 Buildings.

18.3 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 Lands and the Buildings pursuant to Section 18.1 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 Re-Entry on Certain Defaults By Lessee

The Lessor and the Lessee agree that subject to the provisions of Section 17.2, 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 ensuring Commencement of Construction or Substantial Completion of the Buildings by the dates set forth in Section 4.3, 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;

the Lessor or the Lessor's agents or employees authorized by the Lessor may immediately or at any time thereafter re-enter the Lands and the Buildings without being liable to any prosecution or damages therefor and may repossess and enjoy the Lands, the Buildings and all fixtures and improvements on the Lands except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the Buildings or the Lands, as liquidated damages, without such re-entry and repossession constituting a forfeiture or waiver of the Rent paid or to be paid to the Lessor, all of which Rent may be retained by the Lessor as liquidated damages and not as a penalty (provided however that where the Lessee has defaulted in the Commencement of Construction or the Substantial Completion of the Buildings as set forth in subsection 19.1(b) then a portion of the Basic Rent shall be refunded to the Lessee as provided in

Section 4.4) and without forfeiture or waiver of the covenants to be performed by the Lessee up to the date of such re-entry and repossession.

19.2 Forfeiture on Certain Other Defaults by Lessee

The Lessor and the Lessee agree that, subject to the provisions of Section 17.2, if

- (a) the Lessee shall default in performing or observing any of its covenants or obligations under this Lease (other than those referred to in Section 19.1) and the Lessor shall have given to the Lessee notice of such default and at the expiration of 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 60 days aforesaid, the Lessee fails to proceed promptly after the giving of such notice to cure such default, and
- (b) the Lessor desires to re-enter the Lands and to repossess and enjoy the Lands and the Buildings and all fixtures and improvements thereon (except fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the Lands and the Buildings);

the Lessor shall unless the Lessee voluntarily surrenders the Lands and the Buildings to the Lessor, apply to the Supreme Court of British Columbia, upon not less than 14 days' notice to all persons interested in the Lands and the Buildings, for an Order that, either:

- (i) the interest of the Lessee in this Lease and the Lands and the Buildings for the remainder of the Term and all the rights of the Lessee hereunder be sold by public auction or private sale on such terms and conditions as the Court deems fair and equitable in the circumstances, the proceeds therefrom to be distributed, after all Rent and other money due to the Lessor hereunder is paid to the Lessor, in accordance with the priorities of the persons interested as aforesaid as ascertained by the Court upon enquiry or reference, or
- (ii) the Lessor or the Lessor's agents or employees be authorized to re-enter the Lands and the Buildings without being liable to any prosecution or damages therefor, and repossess and enjoy the Lands and the Buildings and all fixtures and improvements (except for fixtures and improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the Buildings or the Lands), as liquidated damages, without such re-entry and repossession working a forfeiture or waiver of the Rent and other money paid or to be paid to the Lessor, all of which Rent may be retained by the Lessor as liquidated damages and not as a penalty and without forfeiture or waiver of the covenants to be performed by the Lessee up to the date of such re-entry and repossession, and

in ordering such sale or re-entry, the Court may direct the Registrar to cancel the Lessee's interest in the Lands and the Buildings, the registration thereof, and any certificate of leasehold charge and this Lease and issue a new or replacement certificate in the name of the Lessor or the purchaser, as the case may be, free and clear of and from all liens, charges and encumbrances whatsoever. The Lessor shall not be responsible for any loss to any such person interested which may arise by reason of any such sale or re-entry unless the same occurs by reason of the wilful neglect or default of the Lessor.

19.3 Right to Cure

The Lessor and the Lessee agree that if the Lessee defaults in performing or observing any of its covenants or obligations under this Lease (other than those referred to in Section 19.1) and the Lessor has given to the

Lessee notice of such default and at the expiration of 60 days after the giving of such notice the default continues to exist or, in the case of a default which cannot with due diligence be cured within the period of 60 days aforesaid, the Lessee fails to proceed promptly after the giving of such notice to cure such default, the Lessor shall have the right and licence, at any time, and from time to time, without any liability for trespass or otherwise, to enter upon the Lands to cure the default of the Lessee, and any costs so incurred by the Lessor in curing such default, shall be payable to the Lessor under this Lease as Additional Rent.

19.4 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.

19.5 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 COVENANTS OF LESSOR

20.1 Covenant Respecting Charges and Encumbrances

The Lessor covenants with the Lessee that the Lessor has a good and marketable title in fee simple to the Lands and that the Lessor has not at any time heretofore made, done, committed, executed or wilfully or knowingly suffered any act, deed, matter or thing whatsoever whereby or by means whereof the Lands or any part thereof are charged or encumbered in title or estate other than the subsisting exceptions and reservations contained in the original grant of the Lands from the Crown and any restrictive covenants and/or easements and/or rights of way in favour of the Lessor or other public bodies which may be registered against the Lands.

20.2 Covenant Respecting Authority to Lease

The Lessor covenants with the Lessee that it now has in itself good right, full power and authority to lease the Lands to the Lessee in the manner and according to the true intent of this Lease pursuant to the Order of the Minister of Advanced Education given number M212, a copy of which is attached hereto as Schedule "C".

ARTICLE 21 ARBITRATION

21.1 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 arbitration. 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 22 CERTAIN COVENANTS AND AGREEMENTS OF LESSEE

22.1 Conduct on Demised Premises

Taking into account that during construction of the Buildings, the Lands will be operated as a normal construction site, the Lessee covenants and agrees with the Lessor that it will not carry on nor do, nor allow to be carried on or done upon the Lands or in the Buildings any work, business or occupation which may be a nuisance or which may be improper, noisy or contrary to any law or to any by-law or to any regulation of The University of British Columbia or any enactment of any governmental agencies or authorities having jurisdiction for the time being in force.

22.2 Covenant Respecting Charges and Encumbrances

- (a) In this Section;
- (i) "**Assumed Agreements**" means, collectively, all charges or encumbrances registered against title to the Lands and all agreements benefiting the Lands filed as legal notations on title to the Lands, and includes, without limitation, <@>;
 - (ii) "**Ongoing Benefits**" means all rights, benefits and interest of a party derived from and pursuant to each of the Assumed Agreements, and
 - (iii) "**Ongoing Obligations**" means all covenants, terms, provisos, stipulations, conditions, obligations and liabilities of a party contained in, existing by virtue of or arising out of each of the Assumed Agreements, including, without limitation: the obligations and responsibilities in respect of ongoing payment obligations and liabilities and the performance of all indemnities and releases.
- (b) For the Term and any renewal thereof, the Lessor hereby assigns, conveys and transfers to the Lessee the Assumed Agreements and the Ongoing Benefits of the Lessor, as owner of the Lands, for the sole use and benefit of the Lessee, all without the requirement or necessity of any further acts by or deliveries from the Lessor or the Lessee.
- (c) For the Term and any renewal thereof, the Lessee hereby assumes the Assumed Agreements and the Ongoing Obligations of the Lessor, as owner of the Lands. The assumption made hereby is made in addition to, and without limiting any provision of an Assumed Agreement that 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 Ongoing Obligations of the owner of the Lands and the Lessor.
- (d) The Lessee does hereby acknowledge and agree that the assumption herein of the Assumed Agreements and the Ongoing Obligations is made for the benefit of the Lessor and the other

parties to the Assumed Obligations and may be enforced by such other parties directly against the Lessee.

22.3 Covenant Respecting Access Along the <@> Pathway <@> **N.B. if not needed show as Intentionally Deleted.**

- (a) The Lessee acknowledges and agrees that it was a condition of the issuing of the Development Permit that access to the pedestrian pathway (the "**Pathway**") to be constructed by the Lessee along the <@> of the Lands between <@> and Lot <@>, District Lot 6494, Group 1, NWD, Plan BCP<@> not be restricted in any way by a fence, gate or other obstruction.
- (b) The Lessee agrees to be bound by such condition, to construct the Pathway in such unrestricted way and to ensure that such condition is complied with throughout the Term; provided however, it is understood and agreed that access to the Pathway may be temporarily interrupted from time to time when the Pathway is being repaired, maintained or resurfaced from time to time, so long as unrestricted, continuous access to the Pathway is restored within a reasonable time following completion of the maintenance, repair or resurfacing.
- (c) The Lessee covenants and agrees that it will never vote in favour of a resolution of the Strata Corporation that would cause the Strata Corporation to be in breach of this Section 22.3 and the Lessee covenants and agrees that a breach of this Section 22.3 shall be a default under this Lease, that damages would not be an adequate remedy and that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for such a default.
- (d) Notwithstanding what is set out above in this Section 22.3, nothing shall prevent the Lessee from barring entry to, or ejecting from the Pathway any person who:
 - (i) loiters on the Pathway,
 - (ii) trespasses on the Pathway,
 - (iii) acts in a loud, disorderly or offensive manner,
 - (iv) molests, pesters, interferes with or obstructs any other person on the Pathway,
 - (v) appears intoxicated, or
 - (vi) commits or appears to commit an illegal act.

22.4 Covenant Respecting Handicap Stalls

- (a) The Lessee acknowledges and agrees that it was a condition of the issuing of the Development Permit that access to handicap stalls be made flexible so that handicap stalls can be reassigned from time to time by the Strata Corporation to lessees of Strata Lots who can demonstrate legitimate needs for a handicap stall.
- (b) The Lessee agrees to be bound by such condition, to designate as handicap parking stalls (individually "**Handicap Parking Stall**") those parking stalls shown on the parking plan(s) referred to in the Development Permit as being handicap stalls, and to amend the statutory bylaws of the Strata Corporation to provide that:

"In the event that a lessee of an individual Strata Lot or an occupant thereof wishes to become the holder of a permanent disability handicap parking pass (the "**Handicap Parking Pass**") and entitled to use a Handicap Parking Stall, other than the one to be located in the visitor's parking area which shall always be available to visitors displaying a valid handicap decal issued by an authorized authority, such lessee or occupant (the "**Applicant**") must first make a written application to the Strata Corporation in accordance with the Strata Corporation's rules and procedures for same. Such written application must be accompanied by written confirmation of the Applicant's handicap and be signed by a licensed medical physician in the Province of British Columbia. If there is a Handicap Parking Stall that is not currently allocated to the holder of a Handicap Parking Pass, the strata corporation shall issue a Handicap Parking Pass to the Applicant and designate which Handicap Parking Stall the Applicant may use. If any Applicant ceases to be handicapped, that Applicant's Handicap Parking Pass shall be deemed to be automatically revoked as of the last day of the month following the month in which the Applicant ceases to be handicapped. In the event that there are no unallocated Handicap Parking Stalls available for use by a lessee or occupant at the time of an application for a Handicap Parking Pass, that Applicant shall go on to a waiting list from which Handicap Parking Passes will be issued and Handicap Parking Stalls designated, in the order in which the applications were received by the Strata Corporation. If a Handicap Parking Stall is available but there is no lessee or occupant with a valid Handicap Parking Pass to use the Handicap Parking Stall, then the Lessee or Strata Corporation may grant or enter into a licence with any owner or occupier of a strata lot who is not the holder of a Handicap Parking Pass on a month to month basis with respect to the use of such Handicap Parking Stall not then used or occupied by the holder of a Handicap Parking Pass. In the event that any Handicap Parking Stall so licenced is required by a holder of a Handicap Parking Pass, the Lessee or Strata Corporation must terminate such licence on one month's notice."

- (c) The Lessee covenants and agrees that it will never vote in favour of a resolution of the Strata Corporation that would cause the Strata Corporation to be in breach of this Section 22.4 and the Lessee covenants and agrees that a breach of this Section 22.4 shall be a default under this Lease, that damages would not be an adequate remedy and that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for such a default.

ARTICLE 23 SURRENDER OF LEASE

23.1 At the expiration or sooner determination of the Term, the Lessee shall surrender the Lands and the Buildings to the Lessor in the condition in which they were required to be kept by the Lessee under the provisions of this Lease, except as herein otherwise expressly provided. The Lessee shall not be entitled to any compensation from the Lessor for surrendering and yielding up to the Lands and the Buildings as aforesaid except as otherwise provided in the Model Strata Lot Lease attached hereto as Schedule "A".

ARTICLE 24 QUIET ENJOYMENT AND OWNERSHIP OF TENANTS' FIXTURES

24.1 Covenant for Quiet Enjoyment

If the Lessee pays the Rent hereby reserved and the other charges, and perform the covenants hereinbefore on the Lessee's part contained, the Lessee shall and may peaceably enjoy and possess the Lands for the Term, without any interruption or disturbance whatsoever from the Lessor or any other person, firm or corporation lawfully claiming from or under the Lessor, provided however that nothing in this Section 24.1 shall limit the rights of access reserved by the Lessor under Section 7.3, the rights of inspection conferred upon the

Lessor by Section 12.1, the right of the Lessor to show the Lands and the Buildings and to post notice, pursuant to Section 12.2.

24.2 Ownership of Tenants' Fixtures

The Lessee may confer upon tenants or occupants of the Buildings the right of property in, or the right to remove fixtures or improvements which are of the nature of usual tenants' fixtures and normally removable by tenants, and which are not part of the Buildings or the Lands. The Lessee 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 25 OVERHOLDING

25.1 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 21, 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 26 CONVERSION OF GROUND LEASE UNDER *STRATA PROPERTY ACT*

26.1 Leasehold Strata Plan

- (a) The Lessee shall prepare or cause to be prepared as soon as reasonably possible after the date of this Lease the Leasehold Strata Plan, the same to be prepared in accordance with the provisions of the *Strata Property Act*.
- (b) The Lessee shall deliver the Leasehold Strata Plan to the Lessor and the Lessor agrees to deliver to the Lessee its written consent to the registration of the Leasehold Strata Plan for filing in the New Westminster Land Title Office if the Leasehold Strata Plan has been prepared in accordance with the provisions in that regard contained in the *Strata Property Act*.
- (c) As soon as reasonably possible after the written consent of the Lessor has been delivered, the Lessee shall deposit the Leasehold Strata Plan in the New Westminster Land Title Office in accordance with the provisions of the *Strata Property Act* and the *Land Title Act*, R.S.B.C. 1996, Chapter 250, as amended from time to time in respect of the Leasehold Strata Plan.
- (d) The Lessee acknowledges and confirms to the Lessor that it shall be the sole responsibility of the Lessee to comply with the requirements of the *Strata Property Act* such that the Leasehold Strata Plan may be accepted by the New Westminster Land Registrar for deposit in the New Westminster Land Title Office as aforesaid.

26.2 Conversion of Ground Lease

It is understood and agreed between the Lessor and the Lessee that the deposit of the Leasehold Strata Plan shall, in accordance with the provisions of Part 12 of the *Strata Property Act*, operate as a conversion of this Lease into individual leases in the name of the Lessee in respect of the interest of the Lessor in each Strata Lot subject to the applicable terms and conditions contained in this Lease and in the Model Strata Lot Lease attached hereto and forming Schedule "A" hereof and to the provisions of the *Strata Property Act* and the regulations made thereunder. From and after the conversion of this Lease under the *Strata Property Act* as aforesaid, each Strata Lot shall be held during all of the unexpired residue of the Term then remaining

separately from and independently of each of the other Strata Lots as if each Strata Lot had been demised to the Lessee by separate leases in the form of the Model Strata Lot Lease attached hereto as Schedule "A".

26.3 Execution of Model Strata Lot Lease by Strata Corporation

The Lessee covenants and agrees with the Lessor that within 10 days after the deposit of the Leasehold Strata Plan in the New Westminster Land Title Office and prior to the assignment of any of the Strata Lots the Lessee will deliver to the Lessor a lease in the form of the Model Strata Lot Lease attached hereto and forming Schedule "A" hereof executed by the Lessee and the Strata Corporation together with a resolution of the Strata Corporation to authorize the Strata Corporation to enter into and exercise the said lease. The Lessor shall upon receipt of the executed lease, execute the same and return the same to the Lessee, and the Lessee shall cause the Model Strata Lot Lease to be filed in the New Westminster Land Title Office.

26.4 Release from Liability

The Lessor covenants and agrees with the Lessee that <@>, the 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 the Lessee assigns, transfers or conveys a Strata Lot under Section 16.2(d) of this 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 Lessee's leasehold interest in that Strata Lot is assigned to the first purchaser thereof, or
- (b) the date of Substantial Completion of the Buildings as certified by the Architect.

Provided that the Lessee shall have paid the Basic Rent, Additional Rent, taxes and any other monies required to be paid hereunder and observed and performed the covenants and agreements herein to be performed by the Lessee up to and including the said date.

26.5 The Lessor agrees that, while otherwise having the right to do so, it will refrain from pursuing its remedies hereunder against the Lessee for a default under the Model Strata Lot Lease in respect of which the Lessee has been released in accordance with the provisions of Section 26.4.

Save as herein specifically provided, the Lessee shall not be released from its liabilities and obligations under this Lease.

ARTICLE 27 UNIVERSITY NEIGHBOURHOODS ASSOCIATION

27.1 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 Land Use Plan 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 Greater Vancouver Regional District.

27.2 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.

27.3 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.myuna.ca/>.

27.4 The UBC Neighbours' Agreement referred to in Section 27.2 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.

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

ARTICLE 28 NOTICE

28.1 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, slowdown 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 29 MISCELLANEOUS

29.1 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 4.1 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.

29.2 Statements by Lessor

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 this 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.

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

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

29.5 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.

29.6 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 and the Lessee and the successors and assigns of the Lessor and the successors and permitted assigns of the Lessee.

IN WITNESS WHEREOF the Lessor and the Lessee have hereunto caused this Lease to be executed on the Form C and Form D respectively to which this Lease is attached by the signatures of their respective proper officers duly authorized for such purpose.

**This is Schedule "A" referred to in
Section 16.2(d)(ii) of this Lease**

MODEL STRATA LOT LEASE

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA

AND:

<@>

AND:

THE OWNERS, LEASEHOLD STRATA PLAN VR <@>

RE: Parcel Identifier <@>
Lot <@>
District Lot 6494, Group 1, NWD
Plan <@>

INDEX

ARTICLE	PAGE
ARTICLE 1 DEFINITIONS	46
ARTICLE 2 BASIC RENT AND ADDITIONAL RENT	51
ARTICLE 3 PAYMENT OF TAXES, SERVICES, LICENSES AND PENALTIES	52
ARTICLE 4 PAYMENT FOR UTILITY SERVICES	56
ARTICLE 5 CONSTRUCTION	56
ARTICLE 6 USE OF STRATA LOT	60
ARTICLE 7 INSURANCE	60
ARTICLE 8 REPAIRS AND MAINTENANCE	63
ARTICLE 9 CHANGES, ALTERATIONS AND SUBSTITUTIONS	65
ARTICLE 10 UNAVOIDABLE DELAYS	66
ARTICLE 11 BUILDERS' LIENS	66
ARTICLE 12 INSPECTION AND EXHIBITION BY LESSOR	67
ARTICLE 13 OBSERVANCE OF REGULATIONS	68
ARTICLE 14 RIGHTS OF LESSOR AND LESSEE	68
ARTICLE 15 INDEMNITY	68
ARTICLE 16 SUBLETTING AND ASSIGNING	70
ARTICLE 17 MORTGAGE	70
ARTICLE 18 BANKRUPTCY OF LESSEE	73
ARTICLE 19 DEFAULT BY LESSEE	76
ARTICLE 20 ARBITRATION	77
ARTICLE 21 ADDITIONAL COVENANTS AND AGREEMENTS OF LESSEE AND STRATA CORPORATION	78
ARTICLE 22 SURRENDER OF LEASE	81
ARTICLE 23 QUIET ENJOYMENT AND OWNERSHIP OF TENANTS' FIXTURES	81
ARTICLE 24 OVERHOLDING	81
ARTICLE 25 RENEWAL OF LEASE	81
ARTICLE 26 PURCHASE OF LESSEE'S INTEREST IN STRATA LOT BY THE LESSOR	83
ARTICLE 27 DESTRUCTION OR DEEMED DESTRUCTION OF THE BUILDINGS	84
ARTICLE 28 UNIVERSITY NEIGHBOURHOODS ASSOCIATION	84
ARTICLE 29 NOTICE	85
ARTICLE 30 MISCELLANEOUS	85

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:

<@>, a company duly incorporated under the laws of the Province of British Columbia and having an office at <@>, British Columbia (Incorporation No. <@>)

(hereinafter called the "**Lessee**")

OF THE SECOND PART

AND:

THE OWNERS, LEASEHOLD STRATA PLAN EPS<@>, having an office at <@>, Vancouver, British Columbia

(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 Land Use Rules, including 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 *Builders 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) "**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;
- (j) "**Common Facilities**" shall have the same meaning as common facility is given under the *Strata Property Act*, in its plural form;
- (k) "**Common Property**" shall have the same meaning as such expression is given under the *Strata Property Act*;
- (l) "**Design Guidelines**" means those parts of the Land Use Plan, Neighbourhood Plan, Site Specific Development Controls, the Development Handbook, and any other Land Use Rules that deal with design issues relating to the Lands and all amendments thereto whether made before or after the date of this Lease;
- (m) "**Development Handbook**" means The University of British Columbia Development Handbook that 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;
- (n) "**Development Permit**" means the development permit issued by The University of British Columbia to the Lessee as amended from time to time;

- (o) **"Ground Lease"** means that certain indenture of lease of the Lands dated for reference the <@> day of <@>, 19<@> registered in the Land Title Office under No. <@> and made between The University of British Columbia, as Lessor and <@>, as Lessee;
- (p) **"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;
- (q) **"Land Use Plan"** means the land use plan adopted by the Minister pursuant to the *Municipalities Enabling and Validating Act No. 3*, S.B.C. 2001, Ch. 44, for the Point Grey campus lands (within which the Lands are situate), as may be amended from time to time and any subsequent land use plan adopted from time to time;
- (r) **"Land Use Rules"** means the plans, policies, handbooks, guidelines, rules, regulations, bylaws and any other documents no matter how they are titled, adopted in accordance with policy(ies) passed by the Board of Governors of The University of British Columbia from time to time, including the Development Handbook and all other rules governing land use and the construction, renovation, maintenance, repair and replacement of buildings on the Campus and in the neighbourhood in which the Lands are situate;
- (s) **"Lands"** means those lands in the Province of British Columbia, owned by the Lessor and more particularly known and described as Lot<@>, District Lot 6494, Group 1, NWD, Plan <@>;
- (t) **"Leasehold Strata Plan"** means a strata plan deposited in the New Westminster 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, and all amendments thereto whether made before or after the date of this Lease;
- (z) **"Original Lessee"** means <@>, the Lessee named herein;
- (aa) **"Penalty"** means a penalty, fine, cost, levy, imposition or other like charge;
- (bb) **"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;
- (cc) **"Rent"** means the Basic Rent, Additional Rent and any other amounts payable by the Lessee under this Lease;
 - (dd) **"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";
 - (ee) **"Services Levy"** means the charge levied by the Lessor to the Lessee pursuant to Section 3.3 of this Lease for (a) the supply of utilities, including without limitation, water, sewer, telephone, cable, electricity and gas; (b) the use, provision, maintenance and repair from time to time of certain services sometimes provided by municipalities or other public authorities, including without limitation, connections and lines for water, sewer, telephone, cable, electricity and gas; the use, provision, maintenance and repair from time to time of all infrastructure installations, including without limitation, street lighting, sidewalks, curbs, gutters, roads, landscaping; (d) making available for use and maintaining and repairing from time to time open spaces and other public amenities; (e) providing other public services from time to time, including without limitation, traffic control, parking, noise control and pet control; and (g) the purpose of making the Levy Apportionment;
 - (ff) **"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;
 - (gg) **"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;
 - (hh) **"Strata Lot"** means a strata lot shown as such on the Leasehold Strata Plan;
 - (ii) **"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;
 - (jj) **"Substantial Completion"** means substantial completion as defined in Section 4.2 of the Ground Lease;
 - (kk) **"Term"** means the unexpired portion of the Term of the Ground Lease, save and except as modified by ARTICLE 25 of this Lease;
 - (ll) **"Termination"** shall have the same meaning as such expression is given under Part 12 of the *Strata Property Act*;
 - (mm) **"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;

- (nn) **"UBC's Rules and Regulations"** means those rules (including the Land Use 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;
- (oo) **"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 Wesbrook Mall and north of Agronomy Road;
- (pp) **"Unit Entitlement"** shall have the same meaning as such expression is given under the Strata Property Act;
- (qq) **"University Act"** means the *University Act*, R.S.B.C. 1996, Ch. 468 and amendments thereto;
- (rr) **"Zoning Regulations"** means those parts of the Land Use Plan, the Neighbourhood Plan, Site Specific Development Controls, the Development Handbook, and any other applicable Land Use Rules that 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, Land Use Rules, 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 eight 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 eight 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 eight 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;
- (g) Seventh, shall be any other Land Use Rules, and
- (h) Last, shall be any other of 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 plus Supplementary Rent, if applicable, as set out in Addendum "F" attached to this Lease.

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 Strata Lot 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 one or more laws, rules, policies, regulations or by-laws in advance of the passing of a rating law, rule, policy, regulation or 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 law(s), rule(s), policy(ies), regulation(s) or by-law(s) from time to time in respect of the Strata Lot, 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 law(s), rule(s), policy(ies), regulation(s) or by-law(s) (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 within the area that includes the Strata Lot, for the current year, the Lessor shall determine the Additional Rent by applying the rate or rates of levy established by such rating law(s), rule(s), policy(ies), regulation(s) or by-law(s) (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*, S.B.C. 1953, Ch. 55 minus the Provincial rural service rate levied on the residential property class pursuant to the *Taxation (Rural Area) Act*, R.S.B.C.

1996, Ch. 448) times the net taxable value of the Strata Lot , and if the net taxable value of the Strata Lot is nil, then times the assessed value of the Strata Lot, in both cases 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 Strata Lot 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. Without limiting Section 1.1 (ee) (the definition of "Services Levy"), 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 supply of utilities, including without limitation, water, sewer, telephone, cable, electricity and gas;
- (c) the types of infrastructure and public amenities on the Campus referred to in the definition of Services Levy;
- (d) 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;
- (e) such other types of infrastructure and public amenities as municipalities, generally, may come to provide during the Term;
- (f) a stabilization fund which may be created by the 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*, S.B.C. 1953, Ch. 55 to the Provincial rural service rate levied on the residential property class pursuant to the *Taxation (Rural Area) Act*, R.S.B.C. 1996, Ch. 448); and
- (g) without limiting the foregoing, any other services, facilities, amenities and activities as set out in any then current agreement between the Lessor and the University Neighbourhoods Association.

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 Strata Lot subject to this Lease, will be equal to the overall level of taxation on strata lots on similar lands and in similar buildings situate in the City of Vancouver having an assessed value equal to the assessed value of the Strata Lot 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. To the extent that the Landlord does not recover the cost of providing a service in any separate charge that is made therefor, the Landlord may recover the balance from the Services Levy collections.

3.4 Delinquent Taxes

If the Lessee shall in any year during the Term fail to pay the taxes under Sections 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 3.5(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 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 3.5(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, Land Use Rules, 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 responsibilities 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 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 4.1 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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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, the Strata Lots, 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 and the Strata Lots;
- (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:

- (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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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, the Strata Lot 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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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 Sections 10.1 and 17.3:

- (a) commencement of Construction of the Buildings shall take place on or before the day which is the <@> 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 which is <@> months following 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 209 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, the Development Permit, Land Use Rules 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, Land Use Rules, 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 Section 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, Section 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, Section 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 Section 7.1, 7.2 or 7.9 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 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 7.12, 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 Common Property 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) or has failed to cure a breach of a Lessee when required to do so by the Lessor pursuant to subsection 8.2(a), the Lessor through its agents, servants, contractors and sub-contractors although not obliged to do so, may enter upon the Common Property and those parts of any 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, 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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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 and/or the Strata Corporation. 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 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 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, the Strata Lots, 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 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 and/or Common Property 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 Development Permit, the Approval Process Submission/Requirements, Design Guidelines, Development Handbook, Neighbourhood Plan, Site Specific Development Controls, Land Use Rules, 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 and the Strata Lots, to the operation, occupation and use of the Buildings, the Strata Lots and the Lands, and to the making of any repairs, replacements, alterations, additions, changes, substitutions or improvements of or to the Buildings, the Strata Lots, 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 the Strata Lots 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 Strata Lots, 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, if any, bears to the aggregate Unit Entitlement of all of the Strata Lots, if any, at the time the liabilities or obligations are incurred or sustained by or imposed upon the Indemnified Parties, 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 New Westminster 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 New Westminster 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 30 days of the conclusion of each transaction together with particulars of registration in the New Westminster 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 New Westminster 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 Strata Lot 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 29, 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 Strata Lot, 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 Strata

Lot 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 Strata Lot 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 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 19.3) and the Lessor shall have given to the Lessee notice of such default and at the expiration of 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 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 Right to Cure in the Event of Default By the Lessee

The Lessor and the Lessee agree that if the Lessee defaults in performing or observing any of its covenants or obligations under this Lease (other than those referred to in Section 19.1 or subsection 8.2(a)) and the Lessor has given to the Lessee notice of such default and at the expiration of 60 days after the giving of such notice the default continues to exist or, in the case of a default which cannot with due diligence be cured within the period of 60 days aforesaid, the Lessee fails to proceed promptly after the giving of such notice to cure such default, the Lessor shall have the right and licence, at any time, and from time to time, without any liability for trespass or otherwise, to enter upon the Common Property and the Strata Lot to cure such default, and any costs so incurred by the Lessor in curing such default shall be payable to the Lessor under this Lease as Additional Rent.

19.3 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 (other than those referred to in subsections 8.2(a) and 8.2(b)) 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 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 60 days aforesaid, the Strata Corporation fails to proceed promptly after the giving of such notice to cure such default, the Lessor:

- (a) shall have the right and license, at any time, and from time to time, without any liability for trespass or otherwise, to enter upon the Common Property and those parts any Strata Lot required to 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 Additional 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) may 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.

19.4 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.

19.5 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 arbitration. 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, including, without limitation UBC's Rules and Regulations, or any enactment, policies or rules 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

- (a) In this Section;
 - (i) "**Assumed Agreements**" means, collectively, all charges or encumbrances registered against title to the Strata Lot or the Common Property and all agreements benefiting the Strata Lot or the Common Property filed as legal notations on title to the Strata Lot or the Common Property, and includes, without limitation, <@>;
 - (ii) "**Ongoing Benefits**" means all rights, benefits and interest of a party derived from and pursuant to each of the Assumed Agreements, and
 - (iii) "**Ongoing Obligations**" means all covenants, terms, provisos, stipulations, conditions, obligations and liabilities of a party contained in, existing by virtue of or arising out of each of the Assumed Agreements, including, without limitation: the obligations and responsibilities in respect of ongoing payment obligations and liabilities and the performance of all indemnities and releases.
- (b) For the Term and any renewal thereof, the Lessor and the Lessee, respectively, hereby assign, convey and transfer to the Strata Corporation the Assumed Agreements and the Ongoing Benefits of the Lessor, as owner of the Strata Lot together with a proportionate interest in the Common Property, and the Lessee, as lessee of the Strata Lot together with a proportionate

interest in the Common Property, for the sole use and benefit of the Strata Corporation, all without the requirement or necessity of any further acts by or deliveries from the Lessor, Lessee or the Strata Corporation.

- (c) For the Term and any renewal thereof, the Strata Corporation hereby assumes the Assumed Agreements and the respective Ongoing Obligations of the Lessor, as owner of the Strata Lot together with a proportionate interest in the Common Property, and Lessee, as lessee of the Strata Lot together with a proportionate interest in the Common Property. The assumption made hereby is made in addition to, and without limiting any provision of such charge, encumbrance or agreement that 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, encumbrance or agreement.
- (d) The Strata Corporation does hereby acknowledge and agree that the assumption herein of the Assumed Agreements and the Ongoing Obligations is made for the benefit of the Lessor and Lessee and may be enforced by such other parties directly against the Strata Corporation.
- (e) In order to better perfect and assure the assumption herein, at the request of the Lessor or the Lessee, the Strata Corporation will execute and deliver an agreement to the other parties to the Assumed Agreements, whereby the Strata Corporation will covenant and agree with such other parties to observe, perform and be bound by and to the Assumed Agreements and the Ongoing Obligations.

21.5 Covenant Respecting Access Along the <@> Pathway<@> **N.B. if not needed show as Intentionally Deleted.**

- (a) The Strata Corporation acknowledges and agrees that it was a condition of the issuing of the Development Permit that access to the pedestrian pathway (the "**Pathway**") to be constructed by the Original Lessee along the <@> of the Lands between <@> and Lot <@>, District Lot 6494, Group 1, NWD, Plan BCP<@> not be restricted in any way by a fence, gate or other obstruction.
- (b) The Strata Corporation agrees to be bound by such condition and to ensure that such condition is complied with throughout the Term; provided however, it is understood and agreed that access to the Pathway may be temporarily interrupted from time to time when the Pathway is being repaired, maintained or resurfaced from time to time, so long as unrestricted, continuous access to the Pathway is restored within a reasonable time following completion of the maintenance, repair or resurfacing.
- (c) The Lessee covenants and agrees that it will never vote in favour of a resolution of the Strata Corporation that would cause the Strata Corporation to be in breach of this Section 21.5 and both the Lessee and the Strata Corporation jointly and severally covenant and agree that a breach of this Section 21.5 shall be a default under this Lease, that damages would not be an adequate remedy and that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for such a default;
- (d) Notwithstanding what is set out above in this Section 22.3, nothing shall prevent the Lessee from barring entry to, or ejecting from the Pathway any person who:
 - (i) loiters on the Pathway,

- (ii) trespasses on the Pathway,
 - (iii) acts in a loud, disorderly or offensive manner,
 - (iv) molests, pesters, interferes with or obstructs any other person on the Pathway,
 - (v) appears intoxicated, or
- (e) commits or appears to commit an illegal act..

21.6 Covenant Respecting Handicap Stalls

- (a) The Strata Corporation acknowledges and agrees that it was a condition of the issuing of the Development Permit that access to handicap stalls be made flexible so that handicap stalls can be reassigned from time to time by the Strata Corporation to lessees of Strata Lots who can demonstrate legitimate needs for a handicap stall.
- (b) The Strata Corporation and the Lessee jointly and severally agree to be bound by such condition and to ensure that all parking stalls designated as handicap parking stalls (individually "**Handicap Stall**") continue to be so designated during the Term and that the bylaws of the Strata Corporation contain a bylaw to provide that:

"In the event that a lessee of an individual Strata Lot or an occupant thereof wishes to become the holder of a permanent disability handicap parking pass (the "**Handicap Parking Pass**") and entitled to use a Handicap Parking Stall, other than the one to be located in the visitor's parking area which shall always be available to visitors displaying a valid handicap decal issued by an authorized authority, such lessee or occupant (the "**Applicant**") must first make a written application to the Strata Corporation in accordance with the Strata Corporation's rules and procedures for same. Such written application must be accompanied by written confirmation of the Applicant's handicap and be signed by a licensed medical physician in the Province of British Columbia. If there is a Handicap Parking Stall that is not currently allocated to the holder of a Handicap Parking Pass, the strata corporation shall issue a Handicap Parking Pass to the Applicant and designate which Handicap Parking Stall the Applicant may use. If any Applicant ceases to be handicapped, that Applicant's Handicap Parking Pass shall be deemed to be automatically revoked as of the last day of the month following the month in which the Applicant ceases to be handicapped. In the event that there are no unallocated Handicap Parking Stalls available for use by a lessee or occupant at the time of an application for a Handicap Parking Pass, that Applicant shall go on to a waiting list from which Handicap Parking Passes will be issued and Handicap Parking Stalls designated, in the order in which the applications were received by the Strata Corporation. If a Handicap Parking Stall is available but there is no lessee or occupant with a valid Handicap Parking Pass, then the Lessee or Strata Corporation may grant or enter into a licence with any owner or occupier of a strata lot who is not the holder of a Handicap Parking Pass on a month to month basis with respect to the use of any Handicap Parking Stall not then used or occupied by the holder of a Handicap Parking Pass. In the event that any Handicap Parking Stall so licenced is required by a holder of a Handicap Parking Pass, the Lessee or Strata Corporation must terminate such licence on one month's notice."

- (c) The Lessee covenants and agrees that it will never vote in favour of a resolution of the Strata Corporation that would cause the Strata Corporation to be in breach of this Section 21.6 and both the Lessee and the Strata Corporation jointly and severally covenant and agree that a breach of this Section 21.6 shall be a default under this Lease, that damages would not be an

adequate remedy and that specific performance, injunctive relief (mandatory or otherwise) or other equitable relief may be the only adequate remedy for such a default.

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 Strata Lot 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 subsection 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 fully serviced, but with no other improvements);
 - (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 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 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 New Westminster 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 New Westminster Land Title Office endorsed thereon. All fees for the registration of the renewal of this Lease in the New Westminster 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 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 New Westminster Land Title Office against this Lease and any other normal adjustments not later than 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 Land Use Plan 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 Greater Vancouver Regional District.

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.myuna.ca/>.

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, slowdown 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 this 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:)
)
)
 _____)
 Authorized Signatory)
)
 _____)
 Authorized Signatory)

<@> by its Authorized Signatory(ies):)

)

)

)

Authorized Signatory)

)

Authorized Signatory)

THE OWNERS, LEASEHOLD STRATA)

PLAN EPS<@> by its duly Authorized)

Signatories:)

)

Authorized Signatory)

)

Authorized Signatory)

LAND TITLE ACT
FORM C

(Section 233)
 Province of British Columbia

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

GENERAL INSTRUMENT - PART 1

(This area for Land Title Office use)

Page 1 of 3 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:* DESCRIPTION	DOCUMENT REFERENCE (page and paragraph)	PERSON ENTITLED TO INTEREST
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 ST000010
- (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)
	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.

7. ADDITIONAL OR MODIFIED TERMS:

- (a) In consideration of the sum of \$<@> 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:

Authorized Signatory
Name:

END OF DOCUMENT

ADDENDUM "B"

This is the Addendum 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.ST000010

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 New Westminster 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 New Westminster 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, in respect of the interest of the Original 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 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 SET

ADDENDUM "C"

This is the Addendum referred to in
Section 17.4 of the Model Strata Lot Lease

THIS AGREEMENT made the _____ day of _____, 2_____

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 _____, 2_____ (hereinafter called the "**Ground Lease**"), and registered in the New Westminster Land Title Office under registration number _____, on the terms and conditions therein contained, the University, as lessor, did demise and lease to the 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. The Lands have been subdivided into strata lots by the deposit of a leasehold strata plan in the New Westminster 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 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**");

D. _____ has assigned its interest in strata lot _____, Leasehold Strata Plan EPS _____ (hereinafter called the "**Leased Premises**"), to the Lessee;

E. By an indenture of mortgage (hereinafter called the "**Mortgage**") made the ____ day of _____, 2_____, between the Lessee as Mortgagor, and the Mortgagee, and registered in the New Westminster 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 \$ _____), and

F. 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 \$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 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 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 30 days prior request by the Mortgagee, to execute, acknowledge and deliver to the Mortgagee a statement in writing certifying:

- (a) that 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) that 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)
)
)
_____)
Authorized Signatory)
)
_____)
Authorized Signatory)

ADDENDUM "D"

This is the Addendum 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 Development Permit, Site Specific Development Controls, Development Handbook, Design Guidelines, Land Use Rules, 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 Development Permit, Site Specific Development Controls, Development Handbook, Design Guidelines, Land Use Rules, 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 ARTICLE 5, ARTICLE 8 and ARTICLE 9 of this Lease.

ADDENDUM "E"

This is the Addendum to the Model Strata Lot Lease

SITE SPECIFIC DEVELOPMENT CONTROLS

The Site Specific development Controls are set forth on the following <@> pages.

Notwithstanding anything else set out in this Lease, if anything 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.

ADDENDUM "F"

SUPPLEMENTARY RENT

Supplemental Rent Payments

1.0 **Supplementary Rent Calculation.** The Lessee as further consideration for the Lease of the Lands and in addition to the Basic Rent and Additional Rent is hereby directed to pay to UBC Properties Investments Ltd. ("UBC Properties") as Trustee for UBC Properties Trust an amount ("Supplementary Rent"), if applicable, as follows:

- (a) Supplementary Rent shall only be payable if the first assignee of a leasehold interest in an individual strata lot (the "**First Assignee**") sells its leasehold interest in the strata lot (the "**Leasehold Interest**") prior to the 5th anniversary of the date of registration (the "**Registration Date**") in the Land Title Office of the assignment of the Leasehold Interest to the First Assignee. If the First Assignee remains as the registered holder of the Leasehold Interest past the 5th anniversary of the Registration Date, no Supplementary Rent shall be paid by the First Assignee.
- (b) If Supplementary Rent is going to be payable on the sale of the First Assignee's Leasehold Interest as set out in subparagraph (c) immediately below, then subject to paragraph 5.0 set out below, the difference between the purchase price paid by the First Assignee for the Leasehold Interest and the amount paid by the purchaser of the Leasehold Interest from the First Assignee shall be calculated (the "**Increase in Price**").
- (c) If the First Assignee sells his Leasehold Interest prior to the 5th anniversary of the Registration Date, then the First Assignee shall pay Supplementary Rent, calculated according to the following formula:
 - (i) the Increase in Price, minus,
 - (ii) the Increase in Price multiplied by 1/60 times the number of full months which have passed between the Registration Date and the date of registration of the assignment of the Leasehold Interest from the First Assignee to the purchaser from the First Assignee, up to a maximum number of 60 months, where 60 months equals the number of months in 5 years.

By way of example, if the Increase in Price was \$100,000.00 and 30 months had passed the calculation would be as follows:

$$\$100,000.00 - (\$100,000.00 \times 30/60) = \$50,000.00.$$

2.0 **Payments.** Payments on account of any Supplementary Rent shall:

- (a) become due on the closing date of the sale of the Leasehold Interest to the purchaser from the First Assignee,
- (b) be paid from the proceeds of the sale of the Leasehold Interest, and

- (c) the First Assignee hereby irrevocably authorizes and directs both the purchaser and the purchaser's solicitor to pay directly to UBC Properties or its successors or assigns any Supplementary Rent coming due, such payment to be made on the closing of the sale of the Leasehold Interest.

3.0 **Security for Supplementary Rent.** As security for the payment of Supplementary Rent, the Lessee or its assignee shall grant to UBC Properties on the Closing Date a Supplementary Mortgage which will be fully subordinated to all acquisition and construction financing mortgages to be granted by the Lessee and to any mortgage granted by the First Assignee up to 100% of the purchase price to be paid. The Supplementary Mortgage will secure the Supplementary Rent, if any, which actually becomes due and owing in respect of a particular strata lot. The Supplementary Mortgage shall bear interest on arrears at the rate set out in the form of Supplementary Mortgage attached as Schedule "E" to the offer to lease giving rise to the Ground Lease and this Model Strata Lot Lease.

4.0 **Sales Information.** The First Assignee shall deliver to UBC Properties prior to the closing date of the sale, if the sale is to complete within 5 years of the Registration Date, true copies of any sales agreements and approved statements of adjustments relating to the sale of the Leasehold Interest.

5.0 **Purchase Price...** If in the opinion of UBC Properties the purchase price to be paid to a First Assignee earlier than 60 months from the Registration Date does not reflect the fair market value of the First Assignee's Leasehold Interest at the date that the First Assignee accepts an offer to purchase the First Assignee's Leasehold Interest then:

- (a) UBC Properties shall be entitled to inform the First Assignee of why UBC Properties is of the view that the purchase price does not reflect the fair market value (e.g. Nonarm's length transaction with a relative or friend, other consideration such as a vendor take back mortgage on generous terms to the First Assignee, etc.) and in such event UBC Properties and the First Assignee shall attempt to agree, within a period not to exceed 30 days, upon an amount to be used for the purchase price for the purpose of calculating Supplementary Rent, if any, failing which,
- (b) Each of UBC Properties and the First Assignee shall, within not more than an additional 15 days, appoint one of Burgess Austin & Associates Ltd., Cumberland Consulting Corporation, or Grover Elliott & Co. Ltd., or their successors, (or if any of them are either not then in business or qualified to appraise such Leasehold Interest, then a comparable replacement appraiser designated by UBC PROPERTIES) to appraise the First Assignee's Leasehold Interest on the basis of market value as of the date that the offer to purchase such Leasehold Interest was made and to deliver copies of their reports to both UBC PROPERTIES and the First Assignee within 15 days after their appointment. If the First Assigned fails to appoint an appraiser or its appraiser fails to deliver its report within the time limited, the fair market value shall be that determined by the appraiser appointed by UBC PROPERTIES, otherwise it shall be the average of the two appraisals.
- (c) The Supplementary Rent, if any, shall then be determined by the UBC Properties using the fair market value determined by the appraiser(s) as the purchase price and shall be payable as set out above in paragraph 2.0 of this Schedule "D".

- (d) If the appraisals are not completed by the closing date set for the sale, then the amount of Supplementary Rent which will become due and owing upon completion shall be estimated by UBC Properties, acting reasonably, and shall be retained from the proceeds of sale by the solicitor acting for the First Assignee, until such time as the appraisal information is available, whereupon the funds held in trust by the First Assignee's solicitor shall be disbursed first to UBC Properties in payment of any Supplementary Rent owing and any balance remaining in trust shall be paid to the First Assignee. If there is a shortfall, the First Assignee shall pay the amount of such shortfall to UBC Properties forthwith upon demand.

**This is Schedule "B" referred to in
Section 17.4 of this Ground Lease**

THIS AGREEMENT made the _____ day of _____, 2_____

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 240, 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 New Westminster Land Title Office under registration number _____, on the terms and conditions therein contained, the University, as lessor, did demise and lease to the 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 indenture of mortgage (hereinafter called the "**Mortgage**") executed on the _____ day of _____, 20____ between the Lessee as mortgagor, and the Mortgagee, and registered in the New Westminster Land Title Office under no.

_____ the Lessee did sublease by way of mortgage unto the Mortgagee the Lessee's right, title and interest in the Lands under the Ground Lease to secure a principal amount in an unspecified amount plus interest and costs, all as more particularly set forth therein;

C. As contemplated in the Ground Lease, the Lands will be subdivided into strata lots by deposit of a leasehold strata plan in the New Westminster Land Title Office (hereinafter referred to as the "**Leasehold Strata Lots**"), and

D. The Mortgagee is a "Mortgagee", as defined under Section 1.1 of the Ground 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 \$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):

6.0 The University covenants and agrees with the Mortgagee that the University:

- (a) will not accept a surrender of the Ground Lease, in whole or in part, without the prior written consent of the Mortgagee, not to be unreasonably withheld;
- (b) will not enter into any agreement for the cancellation, surrender or subordination of the Ground Lease, in whole or in part, without the prior written consent of the Mortgagee;
- (c) will not agree to any modification or amendment to the Ground 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 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 adversely affect the Mortgagee's security without giving the Mortgagee seven days' prior written notice, and
- (d) has been furnished with a copy of and has consented to the granting of the Mortgage.

7.0 The Lessee acknowledges and represents to the Mortgagee that it has entered into possession of the Lands pursuant to the terms of the Ground Lease.

8.0 The University and the Lessee hereby mutually covenant and agree with the Mortgagee that the words "upon foreclosure of such mortgage" in Section 17.1 of the Ground Lease mean and are intended to mean "upon foreclosure of such mortgage, in connection with any foreclosure proceedings concerning such mortgage or in any other lawful way" and the University and the Lessee hereby agree that Section 17.1 of the Ground Lease is hereby modified and amended to reflect the foregoing. The University and the Lessee also hereby mutually covenant and agree with the Mortgagee that any sale or assignment of the leasehold estate contemplated under Section 17.1 of the Ground Lease, may be made to any purchaser

or assignee notwithstanding anything to the contrary in ARTICLE 16 of the Ground Lease if such sale or assignment is court approved.

9.0 The University covenants and agrees to grant and provide to the Mortgagee all rights, assurance and notice afforded under the terms of the Ground Lease to a "Mortgagee", as defined in the Ground Lease, and, without limiting the generality of the foregoing, all remedies afforded a "Mortgagee" under the Ground Lease.

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

- (a) that the Ground 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 Ground Lease have been paid, provided that the request specifies with particulars the charges in respect of which such information is required, and
- (c) that to the best knowledge of the maker of the statement, without having conducted any searches or made any particular enquiries, the other party to the Ground Lease is not in default under the provisions of the Ground Lease, or, if in default, the particulars thereof.

11.0 If the Mortgagee acquires title to the Lessee's interest in the Lands, the Mortgagee covenants and agrees to attorn as tenant under the Ground Lease pursuant to the terms thereof for so long as it remains tenant and has not assigned the balance of the Term, as defined in Section 1.1 of the Ground Lease, and hereby acknowledges that it has had the opportunity to read the Ground Lease and upon attorning as tenant under the Ground Lease shall adopt the covenants and agreements of the Ground 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 10.0 shall not limit or affect the University's rights to re-enter, seek an Order for Sale, terminate or forfeit the Ground Lease if the Mortgagee fails to comply with the requirements of Section 17.2 of the Ground Lease. If the Mortgagee complies with the requirements of this Section 11.0 and Section 17.2 of the Ground Lease, the Mortgagee shall be given and afforded the right, privileges and benefits of the Lessee under the Ground Lease. For the purposes of this clause, the requirements of Section 17.2 of the Ground Lease do not include any requirement that the Mortgagee cure any default or contingency referred to in subsections 18.1(a) to (e) inclusive of the Ground Lease.

12.0 If the Mortgagee is the Government of Canada, or a Crown Corporation of the Government of Canada which does not insure risk, and if the University has given to the Mortgagee notice of a default or contingency or notice of the bankruptcy or insolvency of the Lessee entitling the University to re-enter or terminate or forfeit the Ground Lease, and the Mortgagee commences to cure the default or contingency, then upon the Mortgagee curing the default or contingency and if the Mortgagee attorns as tenant to the University, then during the period that the Mortgagee is the tenant of the University under the Lease, the Mortgagee shall not be under any obligation to take out and keep in force by the Lessee any of the insurance required to be taken out and kept in force by the Lessee under the Ground Lease; provided however that the provisions of this Section shall not relieve the Mortgagee, as tenant, from any of the other covenants, conditions and agreements under the Ground Lease.

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

14.0 If the Mortgagee shall have fully cured any default in the payment of any Rent (as defined in the Ground Lease) or any other amount to be paid by the Lessee under the Ground 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 Lands, then the time specified in Section 17.2 of the Ground Lease for commencing or prosecuting such foreclosure or other proceedings or for curing defaults other than payment of Rent (as defined in the Ground Lease) or any other amount required to be paid by the Lessee under the Ground Lease shall be extended for the period of such prohibition or injunction.

15.0 If the Mortgagee has cured all defaults and contingencies of which the Mortgagee has received notice from the University under Section 17.2 of the Ground Lease, then it shall be entitled to permit the Lessee to continue as tenant of the Lands unless the Mortgagee has acquired the right, title and interest of the Lessee in the Lands under the Ground Lease, in which case the provisions of Section 11.0 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.

16.0 This Agreement shall be deemed to terminate and be of no further force and effect and the obligations, if any, of the Mortgagee under the Lease as tenant shall cease 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 Lands or the Mortgagee has assigned the balance of the Term, as defined in Section 1.1 of the Ground Lease; unless, having obtained an order absolute in foreclosure proceedings against the Lessee, the Mortgagee elects otherwise to continue this Agreement in full force and effect and to be bound as tenant under the Lease.

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

18.0 The University covenants and agrees with the Mortgagee and the Lessee not to assign or otherwise dispose of its interest in the Lands or its interest in the Ground Lease or any part thereof without first obtaining from the proposed assignee or person to whom such disposition is to be made an agreement to the same effect as set forth herein, such agreement also to contain a covenant on the part of the proposed assignee or person to whom such disposition is to be made to exact a similar agreement from any subsequent assignee or person to whom such disposition is to be made.

19.0 The parties hereto agree that upon conversion of the Lands into Leasehold Strata Lots, the Model Strata Lot Lease, as appended to the Ground Lease as Schedule "A", shall apply as between the University, the Lessee, and the Mortgagee shall extend to and

charge each strata lot lease created by the deposit of the leasehold strata plan and thereafter for purposes of this Agreement references herein to:

- (a) the Ground Lease shall be a reference to the Model Strata Lot Lease and the applicable provisions (including Addendums) thereof, and
- (b) the Lessee shall be a reference to the Lessee as strata lot lessee or to the Strata Corporation of the Leasehold Strata Lots as the context requires.

20.0 This Agreement may be executed in counterparts and will be binding when it has been executed and delivered by all parties.

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

Authorized Signatory)

Authorized Signatory)

This is Schedule "C" referred to in Section 20.2 of the Ground Lease

PROVINCE OF BRITISH COLUMBIA
ORDER OF THE MINISTER OF ADVANCED EDUCATION

Ministerial Order No. M 212

I, Murray Coell, Minister of Advanced Education, hereby order that

- (a) approval is given to the University of British Columbia to dedicate, as may be required, a portion or portions of the Lands as highway under section 107 of the Land Title Act;
(b) approval is given to the University of British Columbia to grant one or more leases for a term or terms of not more than 99 years over:
(i) any or all of those portions of the Lands which remain after the dedication of highway referred to above in paragraph (a), and
(ii) those portions of the Lands which come to be owned by the University of British Columbia as a result of the closure of existing roads or highways,
such leases to be substantially in the form of any of the University Commercial Premises Lease South Campus, the University Rental Housing Lease South Campus, the Ground Lease with Model Strata Lot Lease Attached for Co-Development Projects South Campus and South Campus Neighbourhood Ground Lease with Model Strata Lot Lease Attached, copies of which are on file with the office of the Deputy Minister of Advanced Education;
(c) in paragraphs (a) and (b) of this order "Lands" means those lands located within the area shown bounded by heavy black line on the sketch plan prepared by Murray & Associates, and signed by David Liddle, B.C.L.S., a copy of which is attached hereto, the Lands being part of lands described as:

Parcel Identifier : 012-132-896
District Lot 6494, Group 1, New Westminster District
Except: Portions in
(1) Plans 11345, 18645, 21966, BCP5864 and BCP23588
(2) Statutory Right of Way Plan 20570.

Murray Coell
Minister of Advanced Education

Sept 27th 06
Date

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: University Act, section 50(2)(a)

Other (specify):

This is Schedule "D" to the Ground Lease

SITE SPECIFIC DEVELOPMENT CONTROLS

The Site Specific development Controls are set forth on the following <@> pages.

Notwithstanding anything else set out in this Lease, if anything 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.

University Rental Housing/Commercial Lease

LAND TITLE ACT

FORM C

(Section 233)

Province of British Columbia

GENERAL INSTRUMENT - PART 1

(This area for Land Title Office use)

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

Michael D. Sawyer, Richards Buell Sutton, Barristers and Solicitors, 700 -
401 West Georgia Street, Vancouver, BC V6B 5A1 Telephone: (604) 661-
9209 Our File: 16421-@> <@> **Building** <@>

Authorized Agent

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

(PID) (LEGAL DESCRIPTION)

SEE SCHEDULE

3. **NATURE OF INTEREST:***
DESCRIPTION

DOCUMENT REFERENCE
(page and paragraph)

PERSON ENTITLED TO INTEREST

SEE SCHEDULE

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

(a) Filed Standard Charge Terms

D.F. Number

(b) Express Charge Terms

 X 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):***

THE UNIVERSITY OF BRITISH COLUMBIA, having an office and postal address at Room 107 - 6328 Memorial Road,
Vancouver, BC V6T 1Z2

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

UBC PROPERTIES INVESTMENTS LTD. (Incorporation No. 578584) having an office and postal address at Suite 101 - 555
Great Northern Way, Vancouver, BC V5T 1E2

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

N/A

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 Signature(s)

Execution Date

Y	M	D

Transferors Signature(s)

THE UNIVERSITY OF BRITISH COLUMBIA by its authorized signatory(ies):

Print Name:

Print Name:

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.

LAND TITLE ACT
FORM D

EXECUTIONS CONTINUED

Officer Signatures(s)

Execution Date		
Y	M	D

Party(ies) Signature(s)

UBC PROPERTIES INVESTMENTS LTD. by it authorized signatories:

Print Name:

Print Name:

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.

LAND TITLE ACT
FORM E

SCHEDULE

ENTER THE REQUIRED INFORMATION IN THE SAME ORDER AS THE INFORMATION MUST APPEAR ON THE FREEHOLD TRANSFER FORM, MORTGAGE FORM OR GENERAL DOCUMENT FORM.

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

<@>

Lot <@> District Lot 6494 Group 1 NWD Plan BCP<@>

3. NATURE OF INTEREST: <i>DESCRIPTION</i>	<i>DOCUMENT REFERENCE</i> <i>(page and paragraph)</i>	<i>PERSON ENTITLED TO INTEREST</i>
Leasehold Interest	Entire Instrument	Transferee

**TERMS OF INSTRUMENT - PART 2
LEASE BETWEEN THE UNIVERSITY OF BRITISH COLUMBIA
AND UBC PROPERTIES INVESTMENTS LTD.
AS TRUSTEE FOR UBC PROPERTIES TRUST**

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>PAGE</u>
1.0	DEFINITIONS AND SCHEDULES 6
2.0	DEMISE 12
3.0	TERM OF LEASE 13
4.0	RENT 13
5.0	CONSTRUCTION OF IMPROVEMENTS 15
6.0	USE OF LANDS AND PREMISES 17
7.0	CONDUCT OF TENANT IN OCCUPATION 18
8.0	ENVIRONMENTAL CONSIDERATIONS 19
9.0	COMPLEMENTARY FACILITIES LICENCE 21
10.0	UTILITIES AND OTHER COSTS 23
11.0	REPAIRS AND MAINTENANCE 24
12.0	DAMAGE OR DESTRUCTION 25
13.0	INDEMNITY AND LIABILITY 26
14.0	INSURANCE 27
15.0	ASSIGNMENT, SUBLETTING AND MORTGAGING 28
16.0	RIGHTS OF TENANT'S MORTGAGEES 30
17.0	SPECIAL RIGHTS OF THE LANDLORD 32
18.0	DEFAULT, TERMINATION AND EXPIRY 33
19.0	INSPECTION 35
20.0	GENERAL TERMS AND INTERPRETATIONS 36
21.0	QUIET ENJOYMENT 36
22.0	OVERHOLDING 37
23.0	EXPROPRIATION 37
24.0	INDEMNITY BY THE INDEMNIFIER 37
25.0	MISCELLANEOUS 37
26.0	UNIVERSITY NEIGHBOURHOODS ASSOCIATION 39
SCHEDULE A	Form of Agreement With the Tenant's Mortgagee

THIS LEASE dated for reference<@>, 20<@>

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA, a British Columbia corporation continued pursuant to the *University Act*, with an address of 240 6328 Memorial Road, Vancouver, British Columbia, V6T 1Z2

(herein called the "Landlord")

OF THE FIRST PART

AND:

UBC PROPERTIES INVESTMENTS LTD., a British Columbia company having an office at Suite 200 - 3313 Shrum Lane, Vancouver, British Columbia, V6S 0C8, as Trustee, for UBC Properties Trust

(hereinafter called the "Tenant")

OF THE SECOND PART

WITNESSES THAT:

A. The Landlord owns the lands described in Part 1, Item 2 of this Lease and defined as such in subsection 1.1(p) below;

B. The Landlord has constructed at the Landlord's sole cost a <@> storey rental apartment building containing <@> underground parking stalls, <@> city homes and <@> apartment units defined together in paragraph 1.1(bb) below as the Premises;

Use recital B or C whichever is applicable.

C. The Tenant is obligated to construct upon the Lands, at the Tenant's sole cost, a <@> storey building (defined in subsection 1.1(bb) below as the Premises) containing <@> floors of underground parking, with level <@> containing an upper and lower section, <@> insert (market or non-market) rental residential units (defined together in subsection 1.1(gg) below as the "**Residential Space**"), and space on the ground floor with separate entrance containing approximately <@>square feet that is initially intended to be used for the operation of a <@> insert type of commercial use (defined in subsection 1.1(w) below as the "**Non-Residential Space**");

D. The Landlord has agreed to lease the Lands to the Tenant on the terms and conditions set out in this Lease;

NOW THEREFORE in consideration of the terms and agreements hereinafter contained the parties hereto covenant and agree as follows:

1.0 DEFINITIONS AND SCHEDULES

1.1 Whenever any of the following expressions are used in this Lease they shall have the following meanings:

- (a) "Additional Pollution" means Pollution of the Lands and Premises as disclosed by a Further Audit and which was caused by the Tenant or a Subtenant and which is not Existing Pollution or the result of the migration of Pollution onto the Lands and Premises.
- (b) "Affiliate" has the meaning ascribed to it in the *Business Corporations Act* of British Columbia.
- (c) "Appraiser" means any qualified real estate appraiser agreed upon in writing by the Landlord and the Tenant or failing such agreement by June 30 in any Lease Year, means an accredited appraiser who is a member in good standing with the Appraisal Institute of Canada, British Columbia Association, and who has experience valuing land and interests in land such as the Premises and who is appointed by arbitration pursuant to paragraph 25.7.
- (d) "Approved Lender" means:
 - (i) a government, chartered bank, trust company, credit union, insurance company or pension fund authorized to carry on business in British Columbia,
 - (ii) such other Person as may be approved by the Landlord, acting reasonably.
- (e) "Arbitration" has the meaning set out in paragraph 25.7.
- (f) "Audit" means the environmental investigation of the Lands performed by the Consultant on behalf of the Tenant pursuant to paragraph 8.1.
- (g) "Authority" means any government agency, body, corporation, organization, department or authority responsible for administering or enforcing any Law.
- (h) "Campus" means the lands and premises situate west of the Point Grey District of the City of Vancouver, Province of British Columbia which comprise the Vancouver 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 University Endowment Lands.
- (i) "Complementary Facilities" means facilities on the Campus such as roadways, parking areas and other improvements that are to be used in connection with the operations of the Tenant.
- (j) "Consultant" means any qualified environmental consultant agreed upon in writing by the Landlord and the Tenant.
- (k) "Environment" has the meaning given to it in the *Canadian Environmental Protection Act* (Canada) as of the date of this Lease.

- (l) "Existing Pollution" means the Pollution of the Lands, if any, disclosed by the Audit.
- (m) "Fair Market Value" means the assessed value as determined by the provincial assessor, if the Lands and Premises are so assessed, or such variation thereof as may be set on an appeal of such assessed value, and if no such assessment is made means actual market value of the Lands and Premises available in an unrestricted market between informed prudent parties, acting at arm's length and under no compulsion to act, putting the Lands and Premises to their permitted use pursuant to the terms of this Lease as determined in August of each year during the Term, by the Appraiser at the Landlord's cost.
- (n) "Fiscal Year" means after the reference date of this Lease, the 12 month period commencing on April 1 and ending on March 31 during the Term, provided that the first Fiscal Year shall commence on the commencement date set out in paragraph 3.1 and end on the last day of the following March and the last Fiscal Year shall end on the last day of the Term and commence on the preceding first day of April and provided further that if the Tenant changes its fiscal year at any time, there shall be a corresponding change in the Fiscal Year so that the Fiscal Year for the purposes of this Lease is the same as the fiscal year of the Tenant from time to time.
- (o) "Further Audit" means an environmental audit of the Lands and Premises performed by the Consultant on behalf of the Landlord and the Tenant at the Tenant's expense to determine the existence, nature and extent of any Additional Pollution and to determine what Remedial Action if any is necessary with respect to any Additional Pollution and to determine the cost of remediating that Additional Pollution.
- (p) "Lands" means those lands legally described in Item 2- Part 1 of this Lease.
- (q) "Land Use Rules" means the plans, memorandums of understanding, policies, handbooks, guidelines, rules, regulations, bylaws and any other documents no matter how they are titled governing land use and the construction, renovation, maintenance, repair and replacement of buildings on the Campus and in the <@> Neighbourhood in the form adopted by UBC's Board of Governors from time to time, and all permits that are required to be issued by the Municipal Authority Having Jurisdiction in connection with the construction, renovation, maintenance, repair and replacement of the Building by the Lessee from time to time during the Term.
- (r) "Law" means any Federal, Provincial, Municipal and other governmental laws and regulations relating to protection of the Environment or its Pollution including the *Canadian Environmental Protection Act (Canada)* and the *Environmental Management Act, SBC2003*, and the regulations made under them and includes any amendment, revision, reenactment or replacement of any such Law, regulation or bylaw.
- (s) "Lease Year" means after the reference date of this Lease, the 12 month period commencing on January 1 and ending on December 31 during each year of the Term, provided that the first Lease Year shall commence on the commencement

date set out in paragraph 3.1 and end on the last day of the following December and the last Lease Year shall end on the last day of the Term and commence on the preceding first day of January.

- (t) "Medium" means any land, water or air and includes the Lands and Premises.
- (u) "Minimum Rent" means the amount payable by the Tenant pursuant to paragraph 4.1(a) of this Lease.
- (v) "Municipal Authority Having Jurisdiction" means Campus & Community Planning in its capacity as regulatory, inspection and permitting authority for the Campus or such other department of The University of British Columbia as becomes responsible for this function from time to time. In the event that the Lands become part of a municipality, or the University Endowment Lands, or any other governing body acquires jurisdiction over the Lands similar to that of municipalities and assumes these functions, that governing body shall become the Municipal Authority Having Jurisdiction.
- (w) "Non-Residential Space" means the space in the Premises on the ground floor with separate entrance containing approximately <@> square feet that is initially intended to be used for the operation of a <@>(insert type of commercial use).
- (x) "Notice of Non-Compliance" means any written notice, requisition, requirement or order made by an authority having jurisdiction under any Law relating to the Lands and Premises, Pollution of the Lands and Premises or the Permitted Activities.
- (y) "Permitted Activities" means <@> For a faculty and staff 'institutional' building insert) the use and occupation of the Premises by the Tenant or a Subtenant for the sole purpose of providing residential housing to faculty and staff of the Landlord and other members of the Campus community, with not less than 10% of the units in the Premises to be set aside for occupancy by the elderly, youths, students, individuals in needs of assistance, or individuals whose eligibility is dependent upon them being members of the Landlord's faculty or staff.

Or alternatively, insert for market or non-market residential and commercial use:

the use and occupation of the Premises by the Tenant or a Subtenant for <@>insert (market) or non-market) rental residential purposes in respect of the Residential Space and as a <@> insert (type of commercial use) in the Non-Residential Space, or such other uses as may be permitted by law, in either the Residential Space or the Non-Residential Space;

- (z) "Person" includes a person, firm, corporation, partnership, group of persons, or any combination of them, and the personal or other legal representatives of such person to whom the context can apply at law.
- (aa) "Pollute" is a verb which means to Release into or unto any Medium any Substance that:
 - (i) alters the physical, biological or chemical nature of that Medium,

- (ii) alters the capacity of the Medium to support any living thing whether animal or plant life,
- (iii) injures or is capable of injuring the health or safety of a person in or near the Medium,
- (iv) injures or is capable of injuring property or any life form in or near the Medium,
- (v) interferes with or is capable of interfering with visibility or the dispersion of light or any photochemical activity within the Medium,
- (vi) interferes with or is capable of interfering with normal conduct of business in, on, near or from the Medium,
- (vii) causes or is capable of causing physical discomfort to a person in, on or near the Medium,
- (viii) damages or is capable of damaging the Environment, or
- (ix) is Waste,

and such Release is prohibited, regulated, controlled or licensed under any Law and "Polluted" is an adjective and "Pollution" and "Pollutant" are nouns which have meanings that correspond to the meaning contained in this paragraph.

- (bb) "Premises" means the building constructed by the Landlord (<@> or Tenant), at the Landlord's (<@> or Tenant's) sole cost upon the Lands in accordance with development permit DP<@> permitting a <@>-insert (market or non-market) rental housing project (and if appropriate) commercial uses on the main floor.
- (cc) "Prime Rate" means the rate of interest per annum (regardless of how or when calculated) designated from time to time by the Landlord's principal banker from time to time (the "Bank") as being the prime commercial lending rate (now commonly known as the Bank's prime rate) charged by the Bank for demand loans in Canadian funds made at the main branch of the Bank in Vancouver, British Columbia (and if at any time there is more than one prime commercial lending rate of the Bank then the Prime Rate shall be the highest prime commercial lending rate of the Bank).
- (dd) "Release" includes release, store, manufacture, treat, generate, transport, spill, leak, pump, pour, dump, abandon, emit, empty, discharge, spray, inoculate, deposit, seep, throw, place, exhaust, inject, escape, leach, dispose, infuse or introduce.
- (ee) "Remedial Action" means any act, measure, work or thing done, taken, carried out, acquired or constructed that is or may be reasonably necessary to investigate, assess, control, abate, dissipate, render harmless, mitigate or remove Pollution in accordance with the requirements of governmental authorities having jurisdiction over a Pollutant.

- (ff) "Rent" means the Minimum Rent set out in paragraph 4.1(a) and all other money payable by the Tenant under this Lease whether or not designated as "Rent".
- (gg) "Residential Space" means the space in the Premises containing <@> floors of underground parking, with level <@> containing an upper and lower section, and <@>Insert (market or non-market) rental residential units.
- (hh) "Sales Taxes" means any and all taxes, fees, levies, charges, assessments, rates, duties and excises (whether characterized as sales taxes, purchase taxes, value added taxes, goods and services taxes, or any other form of tax) which are imposed on the Landlord or which the Landlord is liable to pay, and which are levied, rated or assessed on the act of entering into this Lease or otherwise on account of this Lease, on the use or the occupancy of the Lands and Premises or any portion of the Lands and Premises, on the Rent payable under this Lease or any portion of the Rent or in connection with the business of renting the Lands or any portion of the Lands. Provided that if the Sales Taxes are reduced by reason of any exemption or deduction to which the Landlord is entitled by virtue of:
- (i) the payment of any taxes, fees, levies, charges, assessments, rates, duties or excises upon the purchase price of any lands or of any interest in such lands whether before, concurrently with or after the execution and delivery of this Lease, or
 - (ii) the payment of any taxes, fees, levies, charges, assessments, rates, duties or excises with respect to rents, additional rents and any other amounts payable by the Landlord as a tenant under any lease whether such lease is now existing or arises after the date of execution and delivery of this lease, then the Sales Taxes shall be deemed to be the amount which would have been imposed on the Landlord with respect to the Rent payable by the Tenant to the Landlord under this Lease had no such exemption or deduction been permitted. The Landlord shall have the right, in its sole discretion, to allocate any exemption or deduction to which the Landlord is entitled:
 - (A) in such a way as to reduce the Sales Taxes to the extent and in such proportion as the Landlord may in its sole discretion determine, or
 - (B) in such a way as not to reduce the Sales Taxes at all.
- Provided however, Sales Taxes shall exclude income tax under Part I of the *Income Tax Act* of Canada, the Tenant's Taxes, and the Taxes.
- (ii) "Service Levy" means the charge levied by the Landlord against the Tenant for the use of certain services, sometimes provided by municipalities or other public authorities, and for the use of the Complementary Facilities both of which are provided by the Landlord to all tenants located on the Campus.
- (jj) "Strategic Alliance" Intentionally Deleted.

- (kk) "Sublease" means a written residential tenancy agreement in respect of a self-contained dwelling unit situate in the Premises between the Tenant and a Subtenant.
- (ll) "Subleased Lands" means all portions of the Premises subleased to Subtenants, or in the context of any particular Sublease, means the portion of the Premises subleased pursuant to such Sublease.
- (mm) "Substance" has the meaning given to it in the *Canadian Environmental Protection Act* (Canada) as of the date of this Lease.
- (nn) "Subtenant" means a subtenant of the Tenant in respect of any portion of the Premises and any Person who undertakes or assumes the obligations of that subtenant.
- (oo) "Taxes" means all taxes, fees, levies, charges, assessments, rates, duties and excises which are not or may hereafter be levied, imposed, rated or assessed for the Term upon or with respect to the Lands and Premises or any part of the Lands and Premises or any personal property of the Landlord used therefor, whether levied, imposed, rated or assessed by the Government of Canada, the Government of British Columbia, or any political subdivision, political corporation, district, municipality, city or other political or public entity, and whether or not now customary or in the contemplation of the parties on the date of this Lease. Without restricting the generality of the foregoing, Taxes shall include all:
- (i) real property taxes, general and special assessments and capital taxes,
 - (ii) taxes, fees, levies, charges, assessments, rates, duties and excises for transit, housing, schools, police, fire or other governmental services or for purported benefits to the Lands and Premises,
 - (iii) local improvement taxes, service payments in lieu of taxes, and taxes, fees, levies, charges, assessments, rates, duties and excises, however described, that may be levied, rated or assessed as a substitute for, or as an addition to, in whole or in part, any property taxes or local improvement taxes, and
 - (iv) costs and expenses including legal and other professional fees and interest and penalties on deferred payments, incurred by the Landlord in contesting or appealing any taxes, assessments, rates, levies, duties, excises, charges or other amounts as aforesaid,
- but Taxes shall exclude all of the following: (i) income tax under Part I of the *Income Tax Act* of Canada, (ii) the Tenant's Taxes, and (iii) the Sales Taxes,
- (pp) "Tenant's Mortgagee" means an Approved Lender who is a mortgagee of the interest of the Tenant under this Lease provided that the amortization period of such mortgage shall not exceed twenty-five years unless the Landlord otherwise agrees.
- (qq) "Tenant's Taxes" means all taxes, fees, levies, charges, assessments, rates, duties and excises which are now or may hereafter be levied, imposed, rated or

assessed for the Term by any lawful authority relating to or in respect of the business of the Tenant or a Subtenant or relating to or in respect of personal property and all business and trade fixtures, machinery and equipment, cabinet work, furniture and movable partitions owned or installed by the Tenant or a Subtenant at the expense of the Tenant or a Subtenant or being the property of the Tenant or a Subtenant, or relating to or in respect of improvements to the Lands built, made or installed by the Tenant or a Subtenant, on behalf of the Tenant or a Subtenant or at the Tenant's or a Subtenant's request whether any such amounts are payable by law by the Tenant or a Subtenant or by the Landlord and whether such amounts are included by the taxing authority in the Taxes; provided however, Tenant's Taxes does not include income tax payable by the Tenant under Part 1 of the Income Tax Act of Canada or Sales Taxes. "Term" means the term as set out in paragraph 3.1 herein.

- (rr) "UBC's Rules and Regulations" means those rules (including the Land Use 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 Premises and/or the residents thereof and/or the Campus generally.
- (ss) "Waste" has the meaning given to it in the Environmental Management Act, SBC2003 but if the Environmental Management Act, SBC2003 is repealed, "Waste" has the meaning given to it on the day immediately preceding the repeal of that Act or if that Act is amended so that the term "Waste" is no longer used in it then "Waste" has the same meaning as the term which replaces it in that Act.

1.2 The following are the schedules forming part of this Lease:

Schedule "A" Form of Agreement with the Tenant's Mortgagee

2.0 DEMISE

2.1 Demise. In consideration of the Rent prescribed herein and the faithful performance by the Tenant of the terms, covenants and conditions herein on the part of the Tenant to be kept and performed the Landlord hereby leases to the Tenant and the Tenant hereby leases from the Landlord the Lands for the Term as hereinafter defined.

2.2 Easement. Intentionally deleted.

2.3 Parking. The Tenant is entitled to use, regulate and control, during the Term, all parking that is located on the Lands.

2.4 Registration. If requested, the Landlord will provide this Lease to the Tenant in registrable form, but the Tenant agrees not to register this Lease without the prior written consent of the Landlord. The Tenant shall bear the cost of the registration, any property transfer tax, the cost of the Reference Plan required for this purpose and the cost of obtaining any necessary approvals to the Reference Plan.

3.0 TERM OF LEASE

3.1 The term of this Lease shall commence on <@> , 20<@> and shall continue for a term of <@> years to and including <@>, 21<@> thereafter unless sooner terminated as herein provided.

4.0 RENT

4.1 The Tenant covenants and agrees to pay during the Term to the Landlord, or as the Landlord may in writing direct, in lawful money of Canada without set-off, compensation or deduction, Rent which shall be the aggregate of the sums specified in subparagraphs (a), (b), (c), (d) and (e) of this paragraph:

- (a) a Minimum Rent in the sum of \$<@> for the entire Term, which Minimum Rent shall be fully prepaid in advance on the first day of the Term;
- (b) the Service Levy, equal to the Fair Market Value of the Lands and Premises as determined during the previous Lease Year multiplied by the difference between the general mill rate of the City of Vancouver levied on properties put to similar uses as the Lands and Premises and the general mill rate imposed by the Surveyor of Taxes for unorganized territories on same class properties in each case (so that the total of the Taxes levied on the Lands by the Surveyor of Taxes and the amount of the Service Levy is equivalent to what the Taxes would have been if the Lands had been located in the City of Vancouver).
- (c) all utilities and other costs referred to in Article 10.0 hereof which are incurred by the Landlord in connection with the Lands and Premises shall be payable on their due dates.
- (d) all Taxes and Tenant's Taxes shall be payable on their due dates.
- (e) all Sales Taxes shall be payable on their due dates.

4.2 Tenant's Responsibility Re Taxes and Tenant's Taxes. The Tenant shall, at the Landlord's request, promptly deliver to the Landlord receipts for payments of all Taxes and Tenant's Taxes payable by the Tenant, notices of any assessments for Taxes or Tenant's Taxes or other assessments received by the Tenant that relate to the Lands and Premises, and whatever other information relating to Taxes or Tenant's Taxes the Landlord reasonably requests from time to time. The Tenant shall deliver to the Landlord, at least 10 days after filing an appeal, notice of any appeal or contestation that the Tenant commences with respect to Taxes or Tenant's Taxes payable by the Tenant. If the Tenant does not pay the Taxes or Tenant's Taxes before the appeal or contestation, the Tenant shall deliver to the Landlord whatever security for the payment of the Taxes or Tenant's taxes as the Landlord reasonably requires, promptly and diligently prosecute the appeal or contestation, and keep the Landlord informed on all aspects of it. The Tenant shall indemnify and save the Landlord harmless from all loss, cost, charges and expenses arising from Taxes or Tenant's Taxes as well as any taxes, rates levies and assessments that may be levied or imposed for the Term in place of Taxes or Tenant's Taxes, whether against the Landlord or the Tenant including, but not limited to, increases in Taxes or Tenant's Taxes arising out of an appeal or contestation by the Tenant. The Tenant shall deliver to the Landlord any security for such an increase in Taxes or Tenant's Taxes that the Landlord reasonably requires.

4.3 Sales Taxes. It is the intention of the parties that the Landlord shall be fully reimbursed by the Tenant in respect of any and all Sales Taxes payable by the Landlord. The amount of the Sales Taxes so payable by the Tenant shall be calculated by the Landlord in accordance with the applicable legislation and shall be paid to the Landlord at the same time as the amounts to which such Sales Taxes apply are payable to the Landlord under the terms of this Lease or upon demand at such other time or times as the Landlord from time to time determines. Notwithstanding anything in this Lease to the contrary, the amounts payable by the Tenant under this paragraph 4.3 shall be deemed not to be Rent, but the Landlord shall have all of the same rights and remedies for the recovery of such amounts as it has for recovery of Rent under this Lease

4.4 Pro-rata Adjustments. All Rent reserved herein including the Service Levy shall be deemed to accrue from day to day and if for any reason it shall become necessary to calculate the same for irregular periods of less than 12 consecutive months an appropriate pro rata adjustment shall be made on a daily basis in order to compute for such irregular period.

4.5 No Set-off. Except as provided in this Lease, the Tenant hereby waives and renounces any and all existing and future claims, set-off and compensation against any Rent or other amounts due hereunder and agrees to pay such Rent and other amount regardless of any claim, set-off or compensation which may be asserted by the Tenant or on its behalf.

4.6 Service Levy Replaced. If the Lands become part of a municipality or the University Endowment Lands or any other governing body acquires jurisdiction over the Lands similar to that of municipalities, the Service Levy shall be replaced by the local governing body's taxes (unless the Lands and Premises remain exempt from such taxes, in which case the Service Levy shall continue to be paid by the Tenant to the Landlord) which shall be paid directly to such local governing body and the Tenant's obligation to pay the Service Levy shall be of no further force or effect.

4.7 Accounting. The Tenant shall:

- (a) maintain accounts in respect of this Lease and each of the Subleases;
- (b) prepare a budget for each fiscal year of the Tenant or portion thereof occurring during the Term, with respect to the Lands and Premises, the Lease and the estimated revenue and expenses related thereto, identifying funds proposed to be borrowed during the period of such budget and secured by a mortgage of the Tenant's interest in this Lease, and provide a copy of each such budget and each revision thereof to the Landlord's Vice-President, Finance, Resources and Operations within 15 days of their approval by the Tenant's directors each year;
- (c) prepare periodic statements at least four times in each Fiscal Year of all amounts received pursuant to, and expenses incurred in connection with the Lease, the Premises and the Subleases showing variances from budgeted amounts and deliver a copy of each such periodic statement to the Landlord's Vice-President, Finance Resources and Operations, within 15 days of their approval by the Tenant's directors;
- (d) deliver to the Landlord's Vice-President, Finance, Resources and Operations, a copy of the Tenant's annual consolidated summary financial statement showing:
 - (i) total current assets,

- (ii) total non-current assets, and
- (iii) total assets, and
- (iv) total current liabilities,
- (v) total non-current liabilities, and
- (vi) total liabilities, and
- (vii) total equity

certified by an officer or trustee of the Tenant to accurately represent the summary of the consolidated financial statement of the Tenant for such year, and a copy of detailed audited statements with respect to the operations of the Tenant on the Lands and Premises and under the Lease. Such statements shall be delivered to the Landlord's Vice-President, Finance, Resources and Operations, within 15 days of their approval by the Tenant's directors;

- (e) permit the Landlord to review the files, books and financial records of the Tenant in connection with the Tenant's management of the Lease and Subleases, the collection of the amounts coming due under the Subleases and the expenses incurred in connection therewith, upon receiving reasonable notice of the Landlord's desire to do so;
- (f) if the Tenant intends to enter into a major real estate project which would cause the total balance sheet liabilities of the Tenant to exceed 80% of the total liabilities and equity of the Tenant, shall so advise the Landlord's Vice-President, Finance, Resources and Operations, and the Landlord's Vice-President, Finance, Resources and Operations, may request a pro forma summary financial statement as described in paragraph 4.7(d) herein which would include the proposed project, certified by an officer or trustee of the Tenant to accurately represent the expected impact of the proposed project on the summary financial statements.
- (g) all financial information with respect to the Tenant obtained by the Landlord, its employees, officers and governors, shall be held confidential and not disclosed to any party and shall not be circulated to any other party whether within the employ of the Landlord or otherwise, except with the prior written consent of the Tenant.

5.0 CONSTRUCTION OF IMPROVEMENTS

5.1 Plan and Specification Approval. Notwithstanding any other terms or provisions of this Lease, the Tenant shall not commence construction of the Premises or make alterations thereto that are governed by the BC Building Code adopted by the Landlord, nor the excavation of the Lands, without the written consent of the Landlord, and until complete drawings, plans and specifications for the construction thereof have been approved in writing by the Landlord, such consent and approval not to be unreasonably withheld or unduly delayed. Such drawings, plans and specifications shall specify the location, design, layout, appearance, materials to be used and any and all other necessary details requested by the Landlord, acting reasonably. The Landlord's reasonable costs of assessing drawings, plans and specifications submitted by the Tenant for approval by the Landlord or any other reasonable related costs, including but not

limited to the cost of permits and inspections required, shall be payable by the Tenant. If the Landlord approves of such proposed construction it shall have the right to inspect such construction on reasonable notice during normal business hours. Notwithstanding what is set out above, so long as there is no municipality or other local governing body which has jurisdiction, it is agreed that the only approval process which the Tenant must go through pursuant to this paragraph 5.1 is that established by the Municipal Authority Having Jurisdiction from time to time for the development of buildings on the Campus; it being understood and agreed however, that notwithstanding anything else set out in this Lease shall have no liability to the Tenant for claims arising in negligence, causing delay, or otherwise, in connection with assessing drawings, plans and specifications, issuing permits, granting approvals and consents, or conducting inspections.

5.2 Compliance with Authorities. The Tenant shall operate all improvements constructed by the Landlord on the Lands in accordance with any applicable statute, bylaw, rule or regulation of any governmental authority, including any bylaw, rule or regulation of the Municipal Authority Having Jurisdiction and also including without limitation the British Columbia Building Code, the Land Use Rules and UBC's Rules and Regulations, and pay all necessary fees, permits, assessments and charges properly payable to such authorities in relation to any such improvements and the operation thereof.

5.3 Liens. The Tenant covenants that during the currency of this Lease it shall neither do nor fail to do, any act which may result in any builders' lien, or any other statutory lien being registered against the lands of the Landlord, and if any such lien should be registered against the lands of the Landlord as a result of any act or failure to act on the part of the Tenant, the Tenant hereby agrees to indemnify and hold harmless the Landlord with respect to such lien, and to take all necessary steps to remove such lien from title to the Campus and or the Lands and Premises forthwith upon notice by the Landlord. In the event that the Tenant fails to take such necessary action within two weeks of receipt of notice from the Landlord, the Landlord may take all necessary action to remove the same in the name of the Tenant and the Tenant agrees to indemnify the Landlord for any and all costs, charges or expenses with respect to the same including solicitor's fees on an indemnity basis and to pay to the Landlord such costs, charges and expenses within 10 days of notice from the Landlord of the same or the Tenant shall be in default as defined in paragraph 18.1(a) herein.

5.4 Builder's Lien Act. The Landlord has filed a notice of interest in the land title office pursuant to paragraph 3(b) of the *Builder's Lien Act* stating that the Landlord is giving notice that it will not be responsible for any improvements done to the Lands and Premises or improvements thereon, unless the improvements are undertaken at the express request of the Landlord.

5.5 Ownership of Building. All buildings and improvements situated upon the Lands, as between the Landlord and the Tenant, shall be and remain the property of the Tenant provided that at the termination of this Lease such buildings and improvements shall remain on the Lands and shall become the property of the Landlord, subject to the rights of the Tenant pursuant to this Lease including without limitation paragraph 5.6 and to the rights of the Tenant and those claiming under or through the Tenant to the proceeds of insurance as provided herein.

5.6 Removal of Fixtures. At any time when the Tenant is not in default under this Lease, and upon termination of the Lease or any part thereof, the Tenant may remove from the Lands any fixtures or equipment installed in the Premises whether or not such fixtures or

equipment are fastened to a building or other improvements located upon the Lands and regardless of the manner in which they are so fastened, provided however that under no circumstances shall any fixture or equipment be removed:

- (a) prior to the termination of the Term if such fixture or equipment is used in the operation of the building or improvement upon the Lands unless the same is coincidentally being replaced or unless such removal is by reason of the termination or expiry of a Sublease;
- (b) if the removal would result in impairment of the structural strength of the building or improvement upon the Lands; or
- (c) that changes the exterior appearance of the building on the Lands;

unless the Landlord has given its prior written consent, such consent not to be unreasonably withheld or unduly delayed. The Tenant shall fully repair any damage occasioned by the removal of any such fixtures and equipment and, unless the building or improvement is being demolished as required or permitted hereunder, shall leave the building and improvement in good, clean and neat condition, subject to normal wear and tear.

6.0 USE OF LANDS AND PREMISES

6.1 Facility. The Tenant shall not use the Lands and Premises, nor permit them to be used by other Persons, for any purpose other than for Permitted Activities unless the written consent of the Landlord is first obtained. Provided that the Landlord has not previously consented to such use, the Landlord may prohibit any use which is either inconsistent or incompatible with the definition of the Permitted Activities, or might cause public relations problems for the Landlord.

6.2 Continuous Use and Standard of Operation. If the Tenant does not continuously use the Lands and Premises or any portion thereof throughout the Term for the purpose of offering the same for sublease in accordance with the terms of this lease, then the Landlord may terminate this Lease, but subject to the rights of subtenants as provided in paragraph 15.10 and the rights of mortgagees pursuant to paragraph 16.1.

6.3 Approvals. The Tenant will ensure that all licenses, designations, permits and approvals necessary for the operation of its activities on the Lands and Premises have been obtained and are maintained.

6.4 Promotion.

<@>[N.B. This may need modification if a student residence or circumstances other than Faculty and Staff Housing are involved. The Tenant agrees to promote actively and continuously the subletting of the Premises and shall, as vacancies arise from time to time, use its reasonable commercial efforts to attract potential Subtenants to the Premises who will enhance and promote the objectives of the Landlord to attract faculty and staff and other members of the Campus community to the Campus.

- (a) The Tenant agrees to promote actively and continuously the development of the Premises and shall use its reasonable best efforts to attract potential Subtenants of the Premises who will enhance and promote the objectives of the Landlord set out in Recital A.

- (b) The Landlord shall be entitled to promote the development of the Premises and to seek out potential subtenants of the Premises.

6.5 Strategic Alliances Intentionally Deleted.

7.0 CONDUCT OF TENANT IN OCCUPATION

7.1 Signs. The Tenant will not erect or place or suffer to be erected or placed or maintain any sign of any nature whatsoever on the Campus or on the Lands and Premises without first obtaining the Landlord's written approval and consent in each instance and abiding by the Land Use Rules and UBC's Rules and Regulations with respect to such signs. Such consent shall not be unreasonably withheld or delayed.

7.2 Overloading of Utilities. The Tenant will not install or suffer to be installed equipment which will exceed or overload the capacity of utility facilities servicing the Lands and Premises. The Landlord represents and warrants that the utility capacity required by the Tenant as identified in the plans and specifications for the Premises to be constructed by the Tenant will not overload the capacity of utility facilities serving the Lands and Premises. If equipment installed or allowed to be installed by the Tenant requires additional utility facilities and capacity in excess of that identified in the said plans and specifications, the Tenant shall advise the Landlord of such additional requirements and the Landlord will supply the same subject to its obligations to do so as provided in this Lease and the Tenant will bear the costs as provided in paragraph 10.2 herein.

7.3 Cleanliness. At the sole cost and expense of the Tenant the Lands and Premises shall be kept by the Tenant in a clean and sanitary condition in accordance with all Laws, other laws, directions, rules and regulations of all governmental bodies having jurisdiction there over including all health officials, fire marshals, building inspectors or other officials, the insurers of the Landlord, Land Use Rules and UBC's Rules and Regulations. In the event the Tenant fails to comply with the foregoing provisions the Landlord may rectify the situation and collect the expense for such work from the Tenant, or the Tenant shall be considered to be in default as defined in paragraph 18.1(a) herein.

7.4 Nuisance. The Tenant will not carry on or perform or suffer or permit to be carried on or performed or suffered on the Lands and Premises any practice or act or engage in any activity which is or becomes a nuisance or a menace or which in any way adversely affects the Lands and Premises, the Campus or any part thereof or is or becomes a hazard or nuisance to any person using or occupying the Lands and Premises, the Campus or any part thereof.

7.5 Compliance with Laws. The Tenant shall comply with and abide by the Land Use Rules, UBC's Rules and Regulations and all federal, provincial, municipal and other governmental statutes, ordinances, Laws, other laws and regulations affecting the Lands and Premises or any activity or condition of the Tenant on or in the Lands and Premises.

7.6 Compliance with Insurance Policies. The Tenant shall comply with and abide by all policies of insurance (and the policies of insurers thereunder and the underwriters thereof) from time to time in force with respect to any improvement or operation on, or any condition, use or occupation of, the Lands and Premises or to any liability which might arise therefrom.

7.7 Rubbish Removal. The Tenant will provide proper and adequate receptacles for refuse and rubbish of all kinds and will attend to the removal of the same from the Lands and Premises at regular intervals.

7.8 Snow and Ice Removal. The Tenant will dutifully and promptly provide for the removal of snow and ice from the Lands and Premises to the extent that the same will not form a hazard to any person using the Lands and Premises.

7.9 Control of the Tenant and Subtenants. INTENTIONALLY DELETED

7.10 Abandonment of Purpose. Notwithstanding anything herein contained should the Tenant operate on the Lands and Premises in a manner so as to place the Tenant in default with the provisions of Article 7.0 hereof then, at the option of the Landlord, this Lease may be terminated pursuant to the provisions set forth in Article 18.

7.11 Termination and Default. INTENTIONALLY DELETED

7.12 Landscaping. The Tenant shall at its cost maintain the landscaping on the Lands to at least the standards reasonably imposed by the Municipal Authority Having Jurisdiction from time to time and consistent with those standards to which the Landlord maintains the landscaping on other lands owned by the Landlord and situate on the Campus.

8.0 ENVIRONMENTAL CONSIDERATIONS

8.1 Audit. The Tenant shall, at its expense, if it is requested to do so by the Landlord, cause the Consultant to perform the Audit that shall be completed concurrently with the construction of the Premises. A copy of the Audit shall be provided by the Consultant to the Landlord at the same time that it is provided to the Tenant together with a letter from the Consultant addressed to the Landlord confirming that the Landlord is entitled to rely on such Audit as if the Audit had been prepared at the request of the Landlord.

8.2 Release of Landlord. The Tenant hereby releases the Landlord from and in respect of any cost, expense, damage, loss or liability which may be incurred or suffered by the Tenant, its employees or agents in connection with the:

- (a) need for the Tenant to take any Remedial Action and the taking of Remedial Action as a result of Additional Pollution; or
- (b) effect of Additional Pollution on the health or the property of any Persons;

except to the extent that any such cost, expense, damage, loss or liability was caused or contributed to by the Landlord's negligent or willful act or default or that of its employees or those for whom in law the Landlord is responsible.

8.3 Tenant to Avoid Pollution. The Tenant must take all necessary precautions so as to ensure that the Lands and Premises and any areas surrounding the Lands and Premises do not and are not likely to become Polluted by any Additional Pollution and agrees to indemnify and save harmless the Landlord for any cost, damage, loss or liability incurred or suffered by the Landlord, its officials, employees and agents in respect of any Additional Pollution of the Lands and Premises and any area or areas surrounding the Lands and Premises caused by the Permitted Activities or any other action of the Tenant or any Subtenant.

8.4 No Waste to be Used on the Lands and Premises. The Tenant must use the Lands and Premises only as provided under Article 6.0 and must not at any time cause or allow

any Waste to be generated, created, used, stored, treated, transferred, transported or disposed of on the Lands and Premises except in compliance with all Laws.

8.5 Landlord's Rights Regarding Additional Pollution. If during the Term, the Lands and Premises are found to be Polluted by any Additional Pollution or the Landlord is required by any Authority to determine whether the Lands and Premises are Polluted by Additional Pollution or to take Remedial Action regarding Additional Pollution, the Landlord may:

- (a) cause the Consultant to perform a Further Audit,
- (b) notify the Tenant of the nature and extent of the Additional Pollution and any Remedial Action the Consultant considers reasonably necessary or which any Authority requires be taken or both or which has already been performed where an emergency existed and any Authority required the Landlord to take Remedial Action immediately,
- (c) take any Remedial Action which any Authority requires be taken, or
- (d) require the Tenant to take any Remedial Action which any Authority requires be taken with regard to Additional Pollution including Remedial Action which must be taken immediately where an emergency exists and any Authority requires Remedial Action to be taken immediately;

and the Tenant must permit the Landlord, its employees and agents including the Consultant to have that access to the Lands and Premises which is reasonably necessary to enable the Landlord to comply with the requirements of any Authority and to take Remedial Action. After request by the Tenant, the Landlord must provide the Tenant free of charge with a copy of the results of the Further Audit. The Tenant within 10 days after demand by the Landlord must pay the Landlord the amount which is equal to the actual costs to the Landlord of a Further Audit performed under this paragraph 8.5 and of any Remedial Action which any Authority required the Landlord to take to the extent that the Further Audit confirmed Additional Pollution or the Remedial Action was in respect of Additional Pollution.

8.6 Landlord's Rights Regarding Existing Pollution. If during the Term, the Landlord is required by any Authority to take Remedial Action regarding the Existing Pollution the Landlord, its employees and agents may enter the Lands and Premises and at the Landlord's expense may:

- (a) perform any audits, investigations and surveys any Authority considers necessary to determine better the nature and extent of the Existing Pollution and the necessary Remedial Action, and
- (b) take any Remedial Action any Authority requires be taken and the Tenant must permit the Landlord, its employees and agents including the Consultant to have that access to the Lands and Premises which is reasonably necessary in the opinion of the Landlord to enable the Landlord to comply with the requirements of any Authority and to take Remedial Action.

8.7 Further Audit and Cost of Remedial Action. Not less than 90 days before expiry of the Term or promptly after the sooner termination of this Lease the Landlord shall cause the

Consultant to perform a Further Audit. As part of the Further Audit the Consultant must be instructed to provide:

- (a) a detailed estimate of the cost of Remedial Action to remediate the Lands and Premises which were attributable to any Additional Pollution, and
- (b) a program of Remedial Action necessary to remediate any Additional Pollution. The Tenant at its cost, shall be required to undertake immediately and complete without delay the program of Remedial Action and failing which the Landlord may remediate any Additional Pollution in accordance with that program of Remedial Action and the Tenant shall within 10 days after demand by the Landlord pay the Landlord the amount which is equal to the actual cost to the Landlord of a Further Audit performed and if the Landlord remediates, pay to the Landlord the costs of any Remedial Action carried out pursuant to this subparagraph in respect of the Additional Pollution.

9.0 COMPLEMENTARY FACILITIES LICENCE

9.1 Use of Complementary Facilities. The Tenant, its directors, officers, employees, invitees and licensees in common with others designated by the Landlord or otherwise entitled shall during the Term of this Lease have the use and benefit of the Complementary Facilities for the purposes from time to time permitted, approved or designated by the Landlord, subject to the reasonable management and control of the Complementary Facilities by the Landlord provided that such rules and regulations that the Landlord may establish, specify and enforce and the management and control of the Campus and the Complementary Facilities shall at all times be consistent with the terms of this Lease, the use permitted of the Lands and Premises under this Lease and the requirements of the Tenant and its Subtenants to obtain access to, egress from and the supply of services to the Lands and Premises. The Landlord shall maintain the roads, sidewalks, utilities and other Complementary Facilities required for the access and egress to and from the Lands and Premises and the supply of services and utilities in good order and repair. It is also understood and agreed that:

- (a) access to the Lands and Premises is by dedicated provincial roads;
- (b) there are no Complementary Facilities that are required to permit the Tenant to use the Lands and Premises for the Permitted Activities; and
- (c) there are no Complementary Facilities situate on the Lands.

9.2 Management and Control of Campus. The Landlord has the exclusive right to manage and control the Campus including the Complementary Facilities, the Lands and Premises and other premises leased to other tenants, and from time to time the Landlord may establish, specify and enforce rules and regulations regarding the use, maintenance and operation of the Campus and Complementary Facilities and the activities of tenants and others conducted thereon and the rules and regulations in all respects to be observed and performed by the Tenant, its officers, employees and other invitees. Without limitation the Landlord has the right in the management and control of the Campus and Complementary Facilities to:

- (a) supervise and police the Campus and Complementary Facilities that are located on the Campus, excluding the Lands and Premises, and provide such security measures and patrols as the Landlord deems reasonably necessary;

- (b) close off all or any part of the Campus or such Complementary Facilities at such times as in the opinion of the Landlord are advisable;
- (c) convey, modify and terminate licences, easements or other rights pertaining to the use of all or any part of the Campus or such Complementary Facilities except in accordance with the Landlord's obligations as set out in paragraph 2.2 herein;
- (d) close off all or part of the Campus or such Complementary Facilities for maintenance, repair, construction or development;
- (e) employ such persons required for the management and control of the Campus and security thereon as the Landlord may from time to time deem advisable;
- (f) designate the entrances, roadways, parking areas and times when and where vehicles and pedestrians may use such Complementary Facilities or the Campus;
- (g) change from time to time the area, level, location, arrangement or use of any part or parts of such Complementary Facilities or Campus but not so as to permanently materially interfere with access to the Lands and Premises;

provided that such rules and regulations that the Landlord may establish, specify and enforce and the management and control of the Campus and the Complementary Facilities shall at all times be consistent with the terms of this Lease, the use permitted of the Lands and Premises under this Lease and the requirements of the Tenant and its Subtenants to obtain access to, egress from and the supply of services to the Lands and Premises. The Landlord shall maintain the roads, sidewalks, utilities and other Complementary Facilities required for the access and egress to and from the Lands and Premises and the supply of services and utilities in good order and repair.

9.3 Trespassing Vehicles. Should the Tenant, its officers or employees, park vehicles in areas outside the boundaries of the Lands and Premises not allocated for that purpose, the Landlord shall have the right to remove the trespassing vehicles and the Tenant shall indemnify and save harmless the Landlord from any costs, claims, damage, liability and expense from any claims by third parties arising out of the trespass or removal of trespassing vehicles.

9.4 Parking Charges. The Landlord reserves the right to impose reasonable charges for the use of parking areas and facilities on or in the Complementary Facilities.

9.5 Alterations or Addition to Complementary Facilities. The Tenant covenants that nothing contained in this Lease shall be construed so as to prevent the Landlord from varying or altering the location or size of the Complementary Facilities including parking areas, driveways and sidewalks from time to time or from erecting additional buildings or extending buildings and without limiting the foregoing, the Landlord shall have the unrestricted right to construct additional buildings from time to time on the Campus and Complementary Facilities, add or change any building, or may alter the ingress and egress to the Campus or the Lands and Premises, change the loading or unloading facilities and service entrances from time to time without in any way being responsible to the Tenant, provided only that the Landlord shall at all times provide reasonable access to the Lands and Premises for the Tenant, its directors, officers, employees, licensees and invitees, the supply of utilities and services to the Lands and

Premises and the Landlord shall bear any additional costs of the Tenant caused by such change and the Landlord shall use its best endeavours to cause the least disruption in the operation of the Lands and Premises. Subject to the foregoing, the Landlord may transfer or dispose of portions of the Campus or dedicate or transfer to government authorities, lands for road widening and other purposes, and when and so often as the Landlord shall dispose or transfer or dedicate any portion of the Campus, then the reference herein to "Campus" shall mean and refer to the portion of the Campus remaining after such transfer, disposition or dedication together with any land which may be acquired by the Landlord.

10.0 UTILITIES AND OTHER COSTS

10.1 Utilities and Other Costs The Tenant shall pay promptly as the same become due and indemnify the Landlord against:

- (a) all rates for electricity, gas, scavenging, sewage, telephone, water and other utilities and services used upon or furnished to the Lands and Premises during the Term;
- (b) all costs of all maintenance, repairs and replacements to the Lands and Premises except as provided in Article 12.0, and except for such costs as are caused or contributed to by the Landlord or those for whom the Landlord is responsible in law;
- (c) every cost with respect to the provision of security services requested by the Tenant from the Landlord, including patrols for the Lands and Premises.

10.2 Utilities and Services. The Landlord will supply water, natural gas, electrical, telecommunication services, sanitary sewer and storm sewer to the Lands and Premises and the Tenant agrees to accept such services from the suppliers which are designated by the Landlord from time to time. To the extent that the Landlord provides these utilities and services, and any and all other maintenance, repairs, security and other services necessary for the operation of the Lands and Premises, the Tenant shall pay as additional Rent the Landlord's reasonable charges therefor, such payments to be made as accounts are rendered by the Landlord or its agents from time to time or as the Landlord shall otherwise direct, without duplication, and provided that the charge of the Landlord for such supply, maintenance, repairs, security and other services shall be comparable to the cost that the Tenant would have incurred with respect to the same if the Lands and Premises were situate within the City of Vancouver and provided further that the quality of all such services is comparable to the quality of such services available to consumers in the City of Vancouver.

10.3 Utility Rates. In respect of utility rates and charges, these will be levied at the same rate as assessed against other non-university tenants on the Campus, or as may be otherwise agreed to between the Landlord and the Tenant.

10.4 Provision of Services. Subject always to this Article 10, the Tenant may provide services normally provided by the Landlord to its tenants provided such services are supplied in a manner consistent with the Landlord's standards.

10.5 Utility Failure. The Landlord shall not be liable to the Tenant for any cost, claim, expense or liability of the Tenant arising from the failure of the Landlord, its servants, agents or contractors to supply any of the utilities or services herein referred to. If the supply of utilities or services is interrupted to the Premises, the Landlord agrees that it will not resupply such utilities

or services to any other non-essential university building serviced by the same line as the Premises, without also resupplying the Premises.

10.6 Maintenance of Internal Roads. The Tenant agrees to install, pay for and maintain any necessary sidewalks, street lighting and roads to be situate upon the Lands and Premises.

10.7 Failure to Comply In the event that the Tenant fails to comply with the covenants contained in paragraphs 10.1, 10.2 or 10.6, the Tenant shall be in default as defined in paragraph 18.1 hereof.

11.0 REPAIRS AND MAINTENANCE

11.1 The Tenant covenants with the Landlord that:

- (a) Premises. The Tenant shall at all times during the Term repair, maintain and keep the Lands and Premises and all landscaping, sidewalks, roads, parking areas, equipment and fixtures, within the Lands and Premises including without limitation, exterior and interior doors, walls, the roof, structure, windows, glass, partitions, heating, ventilating, airconditioning, plumbing and electrical equipment and equipment and fixtures located on the Lands and Premises in a good and substantial state of repair, normal wear and tear excluded, and the Tenant covenants to perform such maintenance, to effect such repairs and replacements and to decorate at its own cost and expense as and when necessary or reasonably required by the Landlord to do so, excluding normal wear and tear.
- (b) Examination. The Landlord and any employee, servant or agent of the Landlord shall be entitled at any reasonable time during normal business hours and during any emergency, from time to time, to enter and examine the state of maintenance, repair, decoration and order of the Lands and Premises, all equipment and fixtures within the Lands and Premises and any improvements now or hereafter made to the Lands and Premises, and the Landlord may give notice to the Tenant requiring that the Tenant perform such maintenance or effect such repairs, replacements or decorations as may be found necessary from such examination, normal wear and tear excluded. The failure of the Landlord to give such notice shall not however relieve the Tenant from its obligation to maintain, repair, decorate and keep the Lands and Premises and appurtenances in good order and repair as aforesaid and to make replacements as may be necessary.
- (c) Cost. The Tenant shall, when necessary, and whether upon receipt of notice from the Landlord or not, effect and pay for such maintenance, repairs, replacements or decoration as may be the responsibility of the Tenant. If the Tenant fails to comply with the Landlord's request to effect repairs, replacement or maintenance within a reasonable time as provided by the Landlord, then the Landlord may cause such repairs, replacements or maintenance to be undertaken at the cost of the Tenant, such cost to be paid by the Tenant immediately upon notification thereof and recoverable by the Landlord as Rent.
- (d) Damage Caused by Negligence. If part of the Lands and Premises, Campus or the Complementary Facility is damaged or destroyed through negligence of the

Tenant or those for whom it is responsible in law, the Tenant shall reimburse the Landlord for the cost of repairs or replacements immediately upon demand.

- (e) Repairs to Conform to Codes. All repairs, replacements maintenance or construction undertaken by the Tenant shall be done in accordance with the Land Use Rules, UBC's Rules and Regulations and all applicable laws, codes, rules and regulations and in a good and workmanlike manner.

12.0 DAMAGE OR DESTRUCTION

12.1 Blocked Access. If there is damage to the Lands and Premises or damage to the Campus or Complementary Facilities, which prevents access to the Lands and Premises or the supply of service essential to the Lands and Premises, and if the damage is such that the Premises or a substantial part of the Premises is rendered not reasonably capable of use by the Tenant for the purposes contemplated herein for a period of time exceeding 30 days, then the rent payable hereunder for the period beginning at the date of occurrence of the damage until at least a substantial part of the Premises is again reasonably capable of use and occupancy for the purpose aforesaid, will abate in the proportion that the area of the Premises rendered not reasonably capable of use by the Tenant bears to the whole of the Premises, and such abatement shall be credited immediately against the Rent payable hereunder.

12.2 Termination. The Landlord or the Tenant by written notice to the other given within 120 days of the occurrence of damage to the Lands and Premises or the Campus may terminate this Lease:

- (a) if the Campus or Complementary Facilities are damaged by any cause and such damage prevents access to the Lands and Premises or the supply of services essential to the Lands and Premises and either cannot be repaired or rebuilt with reasonable diligence within one year after the occurrence of the damage provided that if the Premises are not damaged so as to permit the Tenant to terminate this Lease under paragraph 12.2(b), then the Tenant may affirm this Lease (which right shall have precedence over the Landlord's right to cancel this Lease) within such 120 day period, whereupon neither the Landlord nor the Tenant may terminate this Lease and the Landlord and the Tenant shall cooperate to provide such access, egress and the supply of such services as may be reasonably necessary to permit the Tenant and its Subtenants to occupy and use the Lands and Premises, or
- (b) if the Premises are damaged by any cause and the damage is such that the Premises or a substantial part of the Premises are rendered not reasonably capable of use by the Tenant for its operations in the Premises and cannot be repaired or rebuilt with reasonable diligence within two years after the occurrence of the damage.

12.3 Reconstruction. If this Lease is not terminated pursuant to paragraph 12.2, provided that the damage was caused by a hazard against which the Tenant was required to insure in accordance with the terms of this Lease and such insurance proceeds would be sufficient for rebuilding, and provided that all necessary access, egress and the supply of such services have been provided to the Lands and Premises, or shall be prior to the completion of such rebuilding, as may be reasonably necessary to permit the Tenant and its Subtenants to occupy and use the Lands and Premises in accordance with the terms of this Lease, then the Tenant covenants to commence the reconstruction of the Premises at its sole cost within two

years of the date of destruction upon plans to be approved by the Landlord as aforesaid, and to complete such reconstruction and rebuilding with all due dispatch. If the Tenant is not required to reconstruct the Premises and elects not to do so, then the Tenant by notice to the Landlord to that effect, may terminate this Lease.

12.4 Arbitration. If the Premises, the Complementary Facilities or the Campus are damaged and the parties disagree as to whether the Premises, the Complementary Facilities or the Campus can be repaired or rebuilt within the time periods set out in paragraph 12.2(a) or 12.2(b) or as to whether the Premises or the substantial part of the Premises are rendered not reasonably capable of use by the Tenant for its operations in the Premises for its purposes the issue in dispute shall be referred to arbitration in accordance with paragraph 25.7 herein.

13.0 INDEMNITY AND LIABILITY

13.1 Indemnity. Unless the Landlord or its servants or agents are negligent or willfully in default, the Tenant indemnifies the Landlord and saves it harmless from and against any and all claims, actions, damages, liability and expenses in connection with the loss of life, personal injury or damage to property arising from any act on the Lands and Premises or the occupancy or use of the Lands and Premises or occasioned wholly or in part by an act or omission of the Tenant, its officers, employees, agents, contractors or other invitees, licensees or by any one permitted by the Tenant to be on the Lands and Premises. In case the Landlord, without actual (as opposed to merely vicarious) fault on its part, is made party to litigation begun by or against the Tenant, excepting a bona fide action by the Tenant against the Landlord, the Tenant will protect and hold the Landlord harmless and will pay the costs, expenses and reasonable legal fees on an indemnity basis incurred or paid by the Landlord in connection with the litigation. The Tenant will also pay all costs, expenses and reasonable legal fees on an indemnity basis incurred by the Landlord in enforcing this Lease provided the Landlord's contention or position is upheld by the court or an arbitrator. It is understood and agreed that all references to Landlord in this paragraph shall be read and construed as being references to the Landlord in its capacity as the owner of the Lands and also in its capacity as the Municipal Authority Having Jurisdiction.

13.2 Liability. Unless the Landlord or its servants or agents are negligent or in default, the Landlord is not liable for:

- (a) the death of or injury to the Tenant or those for whom it is responsible in law, or for the loss of or damage to property of the Tenant or others by theft or otherwise or for consequential damage or loss of profits or for any other costs, losses, damages of whatsoever kind. Without limiting the generality of the foregoing, the Landlord is not liable for death, injury, loss or damage of or to any party or persons or property of such party or person resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of the Campus or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by other cause of any kind; and
- (b) death, injury, loss or damage caused by the Landlord's faculty, staff, students, other occupants or other persons on the Lands and Premises or in any other part of the Campus or resulting from construction, alteration or repair to any part of the Campus. All property of the Tenant kept or stored on the Lands and Premises will be kept or stored at the risk of the Tenant only and the Tenant will hold the Landlord harmless from all claims arising out of damages to it, death or

injury as enumerated above including subrogation claims by the Tenant's insurers.

It is understood and agreed that all references to Landlord in this paragraph shall be read and construed as being references to the Landlord in its capacity as the owner of the Lands and also in its capacity as the Municipal Authority Having Jurisdiction.

13.3 Survival of Indemnity. Maintenance of the insurance described in paragraphs 14.1 and 14.4, and the performance by the Tenant of its obligations under such paragraphs shall not relieve the Tenant of liability under the indemnity provisions set forth in paragraphs 13.1 and 13.2 and this indemnity shall survive the expiry or sooner termination of this Lease.

14.0 INSURANCE

14.1 All Risk Coverage. The Tenant, without expense to the Landlord, shall obtain and keep in force or cause to be obtained and kept in force throughout the Term All Risk property insurance, including coverage for floods and earthquakes, and such other coverage as the Landlord may reasonably require, on all buildings, improvements and equipment located on the Lands and Premises. The amount of such insurance shall be the full replacement value of all buildings, improvements and equipment on the Lands and Premises. Without limiting the generality of the foregoing, the Tenant waives as against the Landlord, and those for whom it is responsible in law, each claim and demand of every nature whatsoever for damage, loss or injury to the buildings, improvements and equipment upon the Lands and Premises and to property of the Tenant and each Subtenant in, upon or about the Lands and Premises which shall be caused by or result from fire or other perils, events or happenings which ought to have been covered by insurance pursuant to this paragraph whether or not such claim or demand is covered by insurance.

14.2 Full Replacement Value. For the purposes of paragraph 14.1 "full replacement value" of any building, improvements or equipment shall be determined by the Tenant at the time the insurance is initially taken out and thereafter at least once every 12 months, and the Tenant shall promptly notify the Landlord in writing of each such determination, provided that the Landlord may at any time, by written notice to the Tenant, require the full replacement value of any building, improvement or equipment to be redetermined by an independent qualified valuator designated by the insurer's agent. Such redetermination shall be made promptly and the results thereof communicated in writing to the Tenant and the Landlord.

14.3 Respective Interests. The policies of insurance provided for in paragraph 14.1 shall name the Landlord as an insured and shall be payable to the Landlord, the Tenant, any relevant Subtenant and the mortgagee of each of their interests, as their respective interests may appear, and any loss adjustment shall require the written consent of each of them with an interest therein. The parties hereto agree that the proceeds paid by any such insurer shall be applied to reconstruct the Premises provided however that if this Lease is terminated pursuant to either paragraph 12.2(a) or 12.2(b) or 12.3, the proceeds from the insurance shall firstly be used to demolish the Premises (including the foundations or other underground improvements), remove all debris and level the Lands at the grade level of the surrounding lands and roads, all to the satisfaction of the Landlord, secondly shall be paid to any Tenant's Mortgagee, and thirdly, the balance, if any, shall be paid to the Tenant.

14.4 Liability Insurance. Throughout the Term the Tenant shall obtain and keep in force, and cause each Subtenant to obtain and keep in force general liability insurance fully insuring against liability of the Tenant and each Subtenant with respect to the Lands and

Premises or arising out of the maintenance, use or occupation thereof. Such policy shall be in an amount of not less than \$5 Million per occurrence at the commencement of the Term, and thereafter in such amounts as the Landlord may reasonably require. The general liability policy shall name the Landlord, its Board of Governors, employees, servants and agents as additional insureds, and shall include a cross liability clause and broad form coverage for contractual liability. Such insurance shall be primary in respect of all claims arising out of this Agreement and shall not participate with nor be excess over any valid and collectable insurance carried by the Landlord. The Tenant shall obtain and keep in force, and cause each Subtenant to obtain and keep in force, liability insurance for all motor vehicles, owned and non-owned, operated on the Campus and such other types of insurance as the Landlord may reasonably require.

14.5 Approval. All of the insurance provided for in paragraph 14.1 and 14.4 and all renewals thereof shall be issued by such reputable and duly qualified insurers and in such form and substance as are approved by the Landlord, such approval not to be unreasonably withheld. All policies provided for in paragraph 14.1 and 14.4 shall expressly provide that the policy shall not be cancelled or altered without 60 days' prior written notice to the Landlord, the Tenant, and that all rights of subrogation against the Landlord are waived. Upon the issue and each renewal thereof, each policy or a certified duplicate thereof or other satisfactory evidence of adequate insurance shall be delivered to the Landlord. Proof of payment of premiums for insurance shall also be delivered to the Landlord if requested.

15.0 ASSIGNMENT, SUBLETTING AND MORTGAGING

15.1 Assignment

- (a) The Tenant shall not sell, assign or transfer or part with possession of this Lease or any portion of the Term or the Lands and Premises or any interest therein, provided however the Tenant may grant Subleases pursuant to paragraphs 15.2, 15.3 and 15.4 and the Tenant may mortgage this Lease by sublease or assignment pursuant to paragraph 15.5.
- (b) Neither this Lease nor any Sublease nor the leasehold estate of the Tenant or any Subtenant in the Lands and Premises or any portion of the Lands and Premises shall be subject to involuntary assignment, transfer or sale, or to assignment, transfer or sale by operation of law in any manner whatsoever (except as expressly contemplated in Article 16), and any such attempted or purported involuntary assignment, transfer or sale shall be ineffective as against the Landlord.

15.2 Subleases. The Tenant may seek Subtenants for the Premises and may enter into written Subleases and agreements to grant Subleases, without the consent of the Landlord, so long as all such Subleases and agreements are in accordance with this Lease to a Subtenant whose proposed use of the Lands or a portion of the Lands complies with the Permitted Activities. If the Landlord so requests, the Tenant shall provide to the Landlord, within 14 days of the request, an executed copy of every Sublease and agreement to part with possession of a self-contained dwelling unit in the Premises to which the Tenant is a party.

15.3 Limitation on Subleases. No Sublease or agreement to grant any Sublease shall grant rights to a Subtenant beyond the scope of this Lease except as provided in paragraph 15.10 and except with respect to mortgages by way of sublease granted to the Tenant=s Mortgagee and a Subtenant shall have no rights to the Lands and Premises except under this Lease.

15.4 Requirements of Sublease. Each Sublease shall contain such reasonable terms and conditions as either the Tenant or the Landlord shall suggest from time to time which are consistent with the *Residential Tenancy Act* of B.C., in so far as such statute may be applicable thereto. The Tenant agrees to provide to the Landlord from time to time a copy of the form of residential tenancy agreement then in use by the Tenant and to notify the Landlord in writing of changes which are made to such form from time to time.

15.5 Tenant May Mortgage. The Tenant may assign or sublet by way of mortgage its interest in this Lease to an Approved Lender without the consent of the Landlord, but may not mortgage such interest to any Person other than an Approved Lender without the prior written consent of the Landlord, which consent shall not be unreasonably withheld or delayed. All moneys borrowed and secured by a mortgage of the Tenant=s interest in this Lease shall be used by the Tenant for the Lands and Premises, for work done off the Lands by the Tenant and related to this Lease or the Lands and Premises, for this Lease or for the obligations of the Tenant arising therefrom. The Tenant shall advise the Landlord of the Tenant=s intention to raise funds and secure the same by a mortgage of its interest in this Lease from time to time, as soon as possible after the Tenant determines to do so, and shall endeavour to give the Landlord ninety (90) days notice of such new financing prior to granting a mortgage of the Tenant=s interest in this Lease.

15.6 No Release. INTENTIONALLY DELETED

15.7 Deliver Certificates. INTENTIONALLY DELETED

15.8 Landlord May Terminate Subleases. INTENTIONALLY DELETED

15.9 Extinguishment of Subleases. Subject to paragraph 15.10, upon termination, forfeiture or acceptance of surrender of this Lease as to all or any portion of the Lands prior to the expiry of the Term, all Subleases and other interests created by the Tenant in respect of such portion of the Lands and the rights of all persons claiming thereunder shall be extinguished.

15.10 Preservation of Subleases. Notwithstanding paragraph 15.9, upon the termination, forfeiture or acceptance of surrender of this Lease as to any Subleased Lands prior to the expiry of the Term, the Landlord shall recognize the rights and tenure of each Subtenant not then in default under its Sublease and shall grant quiet enjoyment of the Subleased Lands to the Subtenant for the balance of the term of its Sublease (but not beyond the final date of the Term), and shall observe and perform the covenants and obligations of the Tenant under the Sublease, all provided that, and as long as, the Subtenant:

- (a) pays to the Landlord the rent and any other moneys as provided in the Sublease as and when due under such Sublease;
- (b) attorns to the Landlord as tenant in respect of such Subleased Lands;
- (c) observes and performs each covenant, term and condition on its part to be observed and performed under the Sublease;
- (d) agrees in written form prescribed by the Landlord, acting reasonably, and prepared at the expense of the Subtenant that the Landlord shall be entitled to exercise each of the rights that the Tenant had under the Sublease;

- (e) executes and delivers all documents which the Landlord shall require to give effect to this paragraph 15.10;

and without limiting any other right of the Landlord, as to each Subtenant recognized by the Landlord, whether in conformity with the foregoing subparagraphs or not, the liability under this Lease to the Landlord of the Tenant (including that under Articles 13.0 and 14.0) with respect to the Subleased Lands in favour of that Subtenant shall continue uninterrupted and in full force.

15.11 Landlord's Acknowledgment. Provided that a Sublease complies with the requirements of paragraph 15.4, the Landlord agrees that within 30 days after written request by any Subtenant, the Landlord will execute and deliver to that Subtenant a written acknowledgment whereby the Landlord agrees that Subtenant and its Sublease shall have the rights and protections provided under paragraph 15.10 of this Lease and that the Sublease complies with the requirements of paragraph 15.4 of this Lease.

15.12 Landlord May Seek Subtenants. Notwithstanding anything set out elsewhere in this Lease, it is agreed that the Landlord may from time to time, at its option, enter into tenancy agreements directly between the Landlord and individuals who will occupy units in the Premises as places of residence. In each such instance, the Landlord shall give to the Tenant written notice of each tenancy agreement at the time that it is entered into and prior to the individual going into occupation of the unit.

16.0 RIGHTS OF TENANT'S MORTGAGEES

16.1 Cure Defaults. No termination of this Lease, or the exercise of its right of distress by the Landlord, shall be valid or effective against the Tenant's Mortgagee who has filed with the Landlord a copy of its mortgage together with a written notice specifying an address for notices to be given to such Tenant's Mortgagee hereunder, unless the Landlord has first given to the Tenant's Mortgagee the same amount of notice of the default or situation which would entitle the Landlord to terminate this Lease and such default or situation has not been corrected within such time. The latter notice shall specify the nature of that default or situation and state the Landlord's intention to take such action. The Landlord shall not object to the Tenant's Mortgagee, prior to the expiry of the notice period, taking whatever reasonable steps it wishes to take to cure such default or rectify the situation. If the default cannot reasonably be cured or the situation cannot reasonably be rectified within such period and the Tenant's Mortgagee so notifies the Landlord, and advises the Landlord in writing that it will cure the default or the rectification of the situation as soon as reasonably possible, the Landlord agrees not to take the action specified in its notice. The exercise of such rights shall not relieve the Tenant of its obligations under this Lease. The Tenant's Mortgagee shall be given reasonable access to the Lands and Premises to cure any default by the Tenant.

16.2 Proceedings. If a Tenant's Mortgagee commences foreclosure or other realization proceedings under its mortgage (the "Proceedings") in respect of the Lease, the Landlord shall not, as against that Tenant's Mortgagee, terminate the Lease to which the Proceedings relate while the Proceedings are continuing on the ground of any default or situation entitling the Landlord to do so, if the Tenant's Mortgagee:

- (a) shall first have given to the Landlord notice of its mortgage, the Proceedings, and an address for service of notices hereunder,
- (b) actively prosecutes the Proceedings,

- (c) except for Non-Curable Defaults, cures any default in accordance with notice given under subparagraph 16.1 or proceeds to complete the cure of any default which cannot reasonably be cured in accordance with the period specified in the notice given under subparagraph 16.1, and
- (d) performs and observes all of the Tenant's covenants and agreements in the Lease other than those which are the subject of a Non-Curable Default.

A "Non-Curable Default" means the happening of any of the events described in paragraph 18.2 of this Lease or any other non-financial default or circumstance which is of a nature which is not reasonably capable of being cured or remedied by the Tenant's Mortgagee.

16.3 Non-Curable Default. If this Lease is subject to termination by reason of a Non-Curable Default and the Tenant's Mortgagee has filed with the Landlord a copy of its mortgage together with a written notice specifying an address for notices to be given to the Tenant's Mortgagee, then no termination of this Lease by the Landlord by reason of a Non-Curable Default, shall be valid or effective against the Tenant's Mortgagee if the Tenant's Mortgagee:

- (a) commences Proceedings in respect of this Lease and diligently prosecutes the Proceedings,
- (b) as part of the Proceedings, applies to a Court of competent jurisdiction for the appointment of a receiver of the leasehold interest charged by the Tenant's Mortgagee's mortgage.
- (c) except for any Non-Curable Default, cures any default in accordance with notice given under subparagraph 16.1 or proceeds to complete the cure of any such default which cannot reasonably be cured in accordance with the period specified in the notice given under subparagraph 16.1, and
- (d) performs and observes all of the Tenant's covenants and agreements in this Lease other than those which are the subject of a Non-Curable Default.

16.4 Attornment. If and when the Tenant's Mortgagee acquires the leasehold interest of the Tenant pursuant to the Proceedings, then the Tenant's Mortgagee may continue in possession as tenant for the balance of the term of this Lease then remaining, provided that the Tenant's Mortgagee first attorns as tenant to the Landlord and undertakes to be bound by and to perform the covenants and agreements of the Tenant under this Lease until the earlier of:

- (a) the expiration of the term of this Lease, or
- (b) the date on which the Tenant's Mortgagee assigns this Lease as permitted by it or as is otherwise agreed by the Landlord.

16.5 New Lease. If the Tenant's Mortgagee complies with the provisions of paragraph 16.2 or 16.3 and acquires the leasehold interest of the Tenant pursuant to the Proceedings or the leasehold interest of the Tenant is sold pursuant to the Proceedings to an assignee permitted by this Lease or as is otherwise agreed by the Landlord or this Lease is terminated against the Tenant for default, then the Landlord shall, upon written request by the Tenant's Mortgagee within 90 days after such acquisition or sale, grant to the Tenant's Mortgagee or such assignee a new lease on the terms of this Lease.

16.6 Right to Assign. The Tenant's Mortgagee shall have the right to assign this Lease and the remaining term of it, subject to obtaining the prior written consent of the Landlord, such consent not to be unreasonably withheld or delayed, and provided the assignee covenants with the Landlord to observe and perform all of the covenants and obligations of the Tenant under this Lease, whereupon the Tenant's Mortgagee shall be released from liability for any obligations arising from and after the date of the assignment.

16.7 Landlord's Agreement. The Landlord and the Tenant agree to enter into an agreement with each Tenant's Mortgagee substantially in the form attached as Schedule "B", provided that the Landlord is indemnified by the Tenant or the Tenant's Mortgagee in respect of the costs it incurs in the preparation and execution of such agreement.

16.8 Valid Termination. Any termination by the Landlord of this Lease shall be valid and effective against the Tenant notwithstanding the rights of any Tenant's Mortgagee to receive notice of the Landlord's intention to take such action, and to continue as tenant under this Lease.

16.9 No Release. No entry by a Tenant's Mortgagee pursuant to this Article 16 upon the Lands and Premises for the purpose of curing any default of the Tenant shall release or impair the continuing obligations of the Tenant.

16.10 Recognition of Sublease Mortgagee. INTENTIONALLY DELETED

16.11 Priority between Tenant's Mortgagees. If there is more than one mortgage charging the leasehold interest of the Tenant, the right of a Tenant's Mortgagee to cure any default or contingency and to obtain the protections and rights under this Article 16 shall be based on the respective priorities of such mortgages.

16.12 Applicability of Article 16.0 to a Sublease Mortgagee. INTENTIONALLY DELETED

16.13 Landlord=s Right to Pay Out Tenant=s Mortgagee. The Landlord shall have the right but not the obligation after the Tenant's Mortgagee has accelerated the balance due and owing on its mortgage, to pay to the Tenant's Mortgagee all amounts owing on its mortgage and in such event the Tenant's Mortgagee shall assign to the Landlord the mortgage and all other security which the Tenant's Mortgagee holds as security for its loan to the Tenant and the Landlord shall then be entitled to take possession of the Lands and Premises in accordance with the rights of the Mortgagee, subject to the Subleases and the Tenant shall have no further rights or obligations hereunder or under the Mortgage.

17.0 SPECIAL RIGHTS OF THE LANDLORD

17.1 Entry. If the Landlord wishes to enter or to permit the City of Vancouver, the Province of British Columbia, or other governmental bodies, public utilities or other persons having legal right to do so, to enter upon the Lands and Premises for the purposes of installing underground water, oil, gas, steam, storm sewer, sanitary sewer and other pipelines and conduits or to grant or obtain an easement or right of way therefor, the Landlord shall apply in writing for the consent of the Tenant specifying the reason for entry or the nature and extent of such easement or right of way. The Tenant shall not unreasonably withhold its consent and shall use all reasonable efforts to obtain its Lender's consent to such entry or to such easement or right of way. If the Tenant reasonably denies the Landlord's request for such easement or right of way the Tenant shall specify and consent to a reasonable alternative easement or right

of way. No activity conducted pursuant to this paragraph shall interfere with the use of the Lands and Premises for the Permitted Activities or the stability of any building or improvement constructed on the Lands and Premises.

17.2 Reservation of Oil. The Landlord expressly reserves all oil, gas, hydrocarbons and other minerals of every type whatsoever in and under the Lands and Premises and the right to enter by its servants, agents and licensees upon the Lands and Premises to conduct the activities of exploring for, mining, extracting and removing the same without payment therefor to the Tenant. Prior to such entry the Landlord shall give the Tenant written notice describing in reasonable detail the activities which the Landlord proposes to undertake. No activity conducted pursuant to this paragraph shall interfere with the use of the Lands and Premises for the Permitted Activities, the stability of any building or improvement constructed on the Lands and Premises. No operation for such exploration, mining, extraction or removal will be conducted on or from the Lands and Premises unless it is at a depth beneath the surface as will ensure no interference with the use of the Lands and Premises as agreed herein or the stability of any building or improvement constructed on the Lands and Premises.

17.3 Landlord May Mortgage. The Landlord expressly reserves the right to mortgage its interest in the Lands and to mortgage its rights under this Lease with priority over this Lease and, subject to the Landlord's mortgagee agreeing with the Tenant, all Subtenants and Tenant's Mortgagees on such terms as the Tenant may reasonably require to leave the Tenant and all persons claiming under or through the Tenant (including Subtenants and mortgagees) in quiet possession of the Lands and Premises and to recognize their respective leasehold interests and in the event of foreclosure of its mortgage or entering into possession under its mortgage, to perform the obligations of the Landlord under this Lease, the Tenant at the expense of the Landlord, agrees to subordinate this Lease to such mortgage and to cause such other persons to subordinate their interests to such mortgage. The Landlord shall reimburse the Tenant for, and indemnify the Tenant against, any loss, cost (including reasonable legal costs) or damages actually suffered or incurred by the Tenant as a result of or arising out of the exercise by the Landlord of any of the rights reserved in this paragraph 17.3.

17.4 Easements. If during the Term the Landlord reasonably requires an easement for utilities and facilities or systems on or under the Lands and Premises or the expansion of any such easement, the Tenant shall consent to and shall use all reasonable efforts to obtain its lender's consent to the grant of such easement provided the same does not interfere with the Tenant's or Subtenants' use or occupation of the Lands and Premises. In the event the Tenant, being required to do so, does not wish to grant an easement, the Tenant shall pay the Landlord the sum equal to the cost of constructing and relocating the utilities, facilities and systems through an alternate route less the estimated cost for the proposed installation or expansion of such utilities, facilities and systems that would have been incurred had the same not been relocated. The Landlord may enter the Lands and Premises along side the easement as may be reasonably necessary to maintain and replace the works within the easement. The Landlord covenants that any and all damage to the Lands and Premises occasioned by its entry for the purposes aforesaid, shall be replaced and/or repaired to at least the same condition the said Lands and Premises were at the time of entry.

18.0 DEFAULT, TERMINATION AND EXPIRY

18.1 Default. If the Tenant:

- (a) fails or neglects to make any payment due to the Landlord, in accordance with the terms of this Lease, within 30 days after the Landlord gives the Tenant written notice that the payment is overdue; or
- (b) abandons the Premises or fails or neglects to cure any default of any of the other terms, covenants, agreements, or conditions herein on its part to be observed, kept or performed, within 60 days after the Landlord gives to the Tenant written notice of such default, or if a longer period is required to cure the same, within such 60 day period the Tenant has commenced to cure such default and continues diligently thereafter to cure such default;

then in such event the Landlord may, subject to article 16.0, by written notice to the Tenant forthwith terminate this Lease. Such right to terminate this Lease shall be in addition to any additional rights that exist through the failure of the Tenant to comply with any other covenant or condition herein.

18.2 Bankruptcy and Other Circumstances. The Tenant covenants that:

- (a) if any proceedings under the *Bankruptcy and Insolvency Act* of Canada, the *Companies Creditors Assistance Act* or other statute of similar purport are commenced against the Tenant, and such proceedings are not dismissed before an adjudication of bankruptcy, the appointment of a Trustee, or the confirmation of a composition, arrangement or plan or reorganization, or
- (b) if the Tenant is adjudged insolvent or makes an assignment for the benefit of its creditors or otherwise takes the benefit of any statute for the benefit of insolvent debtors, or
- (c) if a writ of attachment or execution is levied on the leasehold estate hereby created or any property of the Tenant upon the Lands and Premises and is not released or satisfied within 30 days thereafter, or
- (d) if a receiver, trustee, sequestrator or liquidator is appointed in any proceeding or action with authority to take possession or control of the leasehold interest of the Tenant hereunder, any portion of the Lands and Premises or the business conducted thereon by the Tenant, and such appointee is not discharged within a period of 45 days after his appointment, or
- (e) if a creditor of the Tenant, including any Approved Lender, attempts to execute, realize upon or otherwise enforce any charge or encumbrance secured against the Lease, or
- (f) if any sale, transfer, assignment, sublease or parting with possession which is contrary to Article 15.0 occurs, or
- (g) if any resolution is passed or other step taken for the winding-up, liquidation or other termination of the existence of the Tenant and is not abandoned prior to the completion of the winding-up, liquidation or other termination of existence,

each such event shall be deemed to constitute a default under this Lease by the Tenant and subject to Article 16.0, shall, at the election of the Landlord by written notice, but without entry or other action of the Landlord, terminate this Lease as to all or any portion of the Lands and

Premises immediately upon the sending of such notice and in respect of such terminated portion of all rights of the Tenant under this Lease and all rights of any persons claiming under the Tenant, shall thereupon cease and all Rent then due plus Rent for the next following three months shall forthwith become due and be payable to the Landlord, provided that if the Tenant has sublet, assigned or mortgaged or otherwise parted with possession of the Land and Premises in accordance with the terms of this Lease, the Landlord will not terminate this Lease with respect to the interest of such Subtenant, assignee, mortgagee or other party.

18.3 Termination. In the event of termination or expiration of the Lease, the Tenant agrees to deliver the Premises to the Landlord in reasonable repair, except for normal wear and tear and any damage referred to in Article 12.0, free and clear of all rights, mortgages, privileges and encumbrances placed thereon by or on account of the Tenant, except the interests of any Subtenants, assignees or mortgagees in accordance with the terms of this Lease and without indemnity or compensation to the Tenant for any reason whatsoever other than any compensation which may be due by the Landlord to the Tenant pursuant to this Lease prior to such termination; loss or damage from fire or other perils covered by the insurance policy effected by the Tenant excepted.

18.4 Force Majeure. Notwithstanding anything in this Lease, the Tenant shall not be in default with respect to the performance of any of the obligations within this Lease, if the default is due to any strike, lockout, labour dispute, civil commotion, invasion, rebellion, hostilities, sabotage, delay or inability to obtain supplies or labour or permits or approvals or consents contemplated under this Lease or other like cause beyond the reasonable control of the Tenant or due to acts of God.

19.0 INSPECTION

19.1 Inspection of the Lands and Premises. The Landlord, its servants, agents, contractors and representatives, shall be entitled at all reasonable times (after written notice given to the Tenant specifying the purpose) to go upon the Lands and Premises and into each building and other improvement thereon for any of the following purposes:

- (a) inspecting the same,
- (b) inspecting the performance by the Tenant of the terms, covenants, agreements and conditions of this Lease, and by any permitted Subtenant claiming by, through or under the Tenant of any of its obligations under its sublease,
- (c) reading utility metres,
- (d) posting and keeping posted thereon notices as required or permitted by any law or regulation, or
- (e) any other reasonable purpose.

The Landlord will give reasonable notice to the Tenant of the Landlord=s intention to enter the premises and provide an opportunity of the Tenant to accompany the Landlord during such entry. The Landlord acknowledges that the nature of the undertakings in the Premises may be confidential or sensitive and access to the Landlord may be delayed if such access would be likely to interfere with the undertakings.

20.0 GENERAL TERMS AND INTERPRETATIONS

20.1 Rules and Regulations. Subject to the terms of this Lease, the Tenant shall observe and cause those for whom the Tenant is responsible in law, to observe such rules and regulations with respect to the use of the Complementary Facilities and conduct on the Campus and amendments and changes therein, not inconsistent with the permitted use of the Lands and Premises and the terms of this Lease, as may hereinafter be made by the Landlord of which notice in writing shall be given to the Tenant and all such rules and regulations, including without limitation, UBC's Rules and Regulations, shall be deemed to be incorporated into and form a part of this Lease to the extent that the same are not inconsistent with the terms of this Lease.

20.2 No Waiver Implied. No condoning, excusing or overlooking by the Landlord of any default, breach or nonobservance at any time or times in respect of any covenant, proviso or condition herein contained shall operate as a waiver of the Landlord's rights hereunder in respect of any continuing or subsequent default, breach or nonobservance, or so as to defeat in any way the rights of the Landlord in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by the Landlord save only an express waiver in writing.

20.3 Labour Disputes. The Landlord and the Tenant covenant to cooperate with each other in minimizing the effect of any labour dispute which any such party may have upon the operations of the other party. The Landlord and the Tenant covenant that in the event of a labour dispute, the party involved in such dispute shall take all appropriate steps to protect the party not involved in the dispute from interference with its or their operations caused by the dispute and without limiting the generality of the foregoing, to eliminate picketing which may cause such interference. Such steps shall be taken at the expense of the party involved in the dispute and the non-involved party shall have the right to retain counsel at its own expense to recommend to the party involved in the dispute appropriate action to protect the party not involved. The party involved shall give due consideration to the recommendation of counsel for the party not involved. This paragraph shall not be construed to require a party involved in a dispute to meet the demands of any party with whom it has the dispute.

20.4 Limit on Claims. Neither the Landlord nor the Tenant shall bring any action against or claim damages for compensation from the other for any loss, cost, expense or liability suffered as a result of a labour dispute other than in respect of a breach of the covenant contained in these paragraphs 20.3 and 20.4.

20.5 No Prejudice. No exercise of a specific right or remedy by the Landlord precludes it from or prejudices it in exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.

20.6 Entry. The Landlord and its agents may enter the Lands and Premises at all reasonable times to examine them and to show them to a prospective lessee during the last year of the Term.

21.0 QUIET ENJOYMENT

21.1 If the Tenant without default pays the Rent and Additional Rent at the times and in the manner herein provided and keeps and performs all the terms, covenants and agreements herein on the Tenant's part to be kept and performed, the Tenant may possess and enjoy the Lands and Premises for the Term without disturbance or interruption by the Landlord

or any person claiming by, through or under the Landlord but subject to the rights of the Landlord herein.

22.0 **OVERHOLDING**

22.1 If the Tenant remains in possession of the Lands and Premises after the end of the Term, there is no tacit or other renewal of this Lease, and the Tenant will be considered to be occupying the Lands and Premises as a tenant from month to month and otherwise upon the terms and conditions set forth in this Lease, so far as applicable.

23.0 **EXPROPRIATION**

23.1 If the Lands and Premises or any portion thereof are expropriated or condemned at any time during the term, the Landlord shall have no liability to the Tenant for the Landlord's inability to fulfill any of its covenants herein, but in each such event the Landlord and the Tenant may seek compensation separately from the expropriating authority but shall cooperate in seeking such compensation, and if a joint award of compensation is made, it shall be divided as agreed between the Landlord and the Tenant and failing agreement within 90 days of the award, as determined by arbitration hereunder.

24.0 **INDEMNITY BY THE INDEMNIFIER**

24.1 INTENTIONALLY DELETED

25.0 **MISCELLANEOUS**

25.1 Time. Time shall be of the essence of this Lease.

25.2 No Representations. The parties acknowledge that there have been no representations made by the other party which are not set out in the Lease or other written agreement between the parties.

25.3 Proper Law. The Lease shall be construed and governed by the laws of the Province of British Columbia. Should any provision or provisions of the Lease and or its conditions be illegal or not enforceable, it or they shall be considered separate and severable from the Lease and its remaining provisions and conditions shall remain in force and be binding upon the parties hereto as though the said provision or provisions or conditions had never been included.

25.4 No Joint Venture etc.. It is understood and agreed that nothing contained in this Lease nor in any acts of the parties hereby shall be deemed to create any relationship between the parties hereto other than the relationship of Landlord and Tenant.

25.5 Use of Name. The Tenant shall not, nor shall any Subtenant, without the prior written consent of the Landlord, use the Landlord's name in any publication, advertisement, notice, document or otherwise and shall not hold itself out as being associated with the Landlord.

25.6 Enurement. Subject to the provisions of the Lease respecting assignment by the Tenant, this indenture shall enure to the benefit of and be binding upon the Landlord, its successors and assigns and the successors and permitted assigns of the Tenant.

25.7 Arbitration. If a dispute arises as to the meaning of any paragraph in this Agreement, the rights of the Landlord and the Tenant hereunder, the appointment of any party to be appointed herein, or the decision of any party so appointed, and the parties are unable to resolve such dispute, the matter in dispute shall be referred to a single arbitrator appointed pursuant to the *Commercial Arbitration Act and amendments thereto*. The decision of any arbitrator shall be final and binding upon the parties, including any decision of the arbitrator with respect to the costs of arbitration.

25.8 Interest. If the Tenant defaults in making any payment due to the Landlord under this Lease, the Tenant shall pay to the Landlord from the date the payment was due until the date payment is actually made to the Landlord, interest on the amount due at the rate which is the aggregate of 2% per annum plus the Prime Rate, calculated monthly, not in advance. It is agreed that if the Prime Rate changes, and so often as the same occurs at any time the rate of interest charged under this Lease shall change on the same day and in the same amount as the Prime Rate changed. Acceptance of any late payment without interest shall not constitute a waiver of the Landlord's right to require interest on the amount due.

25.9 Right to Distrain. Subject to Article 16.0, in the event of default in payment of any amount payable to the Landlord under this Lease, the Landlord may seize and sell the Tenant's property on the Lands and apply the proceeds of such sale first to the costs of the seizure and sale, then to interest payable on unpaid amounts, and then to payment of the unpaid amounts. The Landlord shall not levy distress against nor seize or sell any property of a Subtenant. If the Tenant vacates the Lands leaving any Rent or other amount payable under this Lease unpaid, the Landlord, in addition to any remedy otherwise provided by law, may seize and sell the property of the Tenant removed from the Lands at any place to which the Tenant or any other person may have removed such property in the same manner as if such property had remained upon the Lands.

25.10 Notice. Any notice, demand, request, consent or objection required or contemplated to be given or made by any provision of this Lease shall be given or made in writing and may be either delivered personally or sent by fax or registered mail, postage prepaid, addressed to the Landlord at:

The University of British Columbia
Room 240
6328 Memorial Road
Vancouver, British Columbia
V6T 1Z2

Attention: The Vice-President, Finance, Resources and Operations

or addressed to the Tenant at:

UBC Properties Investments Ltd.
Suite 101
555 Great Northern Way
Vancouver, British Columbia V5T 1E2

Attention: The President

or to such other address as such party from time to time may specify by written notice to the other. The time of giving or making such notice, demand, request, consent or objection shall be, if delivered, when delivered, and if mailed, then on receipt at such address. No other form of written notice is prohibited by this paragraph.

25.11 Captions. The captions appearing in this agreement have been inserted as a matter of convenience only and in no way define, limit or enlarge the meaning of this agreement or any provision thereof.

25.12 Severability. In the event that any part, section, paragraph or subparagraph of this Lease shall be held to be indefinite, invalid, illegal, or otherwise voidable or unenforceable, the entire Lease shall not fail on account thereof, and the balance of the Lease shall continue in full force and effect.

26.0 UNIVERSITY NEIGHBOURHOODS ASSOCIATION

26.1 It is understood by the Tenant 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 Official Community Plan and Comprehensive Community Plan for the Campus and the Neighbourhood Plan for the South Campus Neighbourhood, all 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 Greater Vancouver Regional District.

26.2 The Tenant 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.

26.3 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/>.

26.4 The UBC Neighbours' Agreement referred to in Section 26.2 above provides that the Association will receive a portion of the Services Levy (the "Levy Apportionment") payable pursuant to Section 4.1(b) of this Lease to provide funding for its purposes.

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

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals the day and year first above written.

SIGNED FOR AND ON BEHALF of THE)
UNIVERSITY OF BRITISH COLUMBIA by:)

)
)
)
_____)
Authorized Signatory)

)
)
_____)
Authorized Signatory)

SIGNED FOR AND ON BEHALF of **UBC**)
PROPERTIES INVESTMENTS LTD. by:)

)
)
)
_____)
Authorized Signatory)

)
)
_____)
Authorized Signatory)

**Schedule "A" To the Lease (Paragraph 16.7)
Form of Agreement With the Tenant's Mortgagee
AGREEMENT AMONG THE LANDLORD,
THE TENANT AND THE TENANT'S MORTGAGEE**

This Agreement is made as of the ____ day of _____ 20<@>

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA, a British Columbia university created pursuant to the University Act, with an address of 240 B 6328 Memorial Road, Vancouver, British Columbia, V6T 1Z2

(hereinafter called the "Landlord")

OF THE FIRST PART

AND:

UBC PROPERTIES INVESTMENTS LTD., a British Columbia company having an office at Suite 200 - 3313 Shrum Lane, Vancouver, British Columbia, V6S 0C8, as Trustee, for UBC Properties Trust

(hereinafter called the "Tenant")

OF THE SECOND PART

AND:

<@>

(hereinafter called the "Mortgagee")

OF THE THIRD PART

WHEREAS:

A. The Landlord leased to the Tenant the premises (the "Premises") described in and demised by the lease dated for reference purposes <@>, 20<@> (the "Lease") on the terms and conditions contained in the Lease;

B. The Lease was registered in the Land Title Office under number _____ against the lands legally described in Schedule "A" attached to this Agreement;

C. By a mortgage executed _____, 20<@> (the "Mortgage") from the Tenant as mortgagor to the Mortgagee, the Tenant did demise and sublease by way of mortgage all of the Tenant's right, title and interest in and to the premises described in the Lease (save and except the last day thereof) to secure the sum of \$_____ and interest as therein provided;

D. The Mortgagee is a "Tenant's Mortgagee" as defined in the Lease and desires to have every opportunity to protect its interest and the security of the Mortgage, and to have the advantage of the covenants between the Landlord and the Tenant with respect to protection of the Mortgagee's interest as contained in the Lease;

E. The Landlord and the Tenant have agreed to enter into this Agreement for the purpose of providing adequate security for the Mortgagee.

NOW THEREFORE in consideration of the premises and in consideration of the covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereto hereby covenant and agree, each with the other, as follows:

1. The Tenant acknowledges and represents to the Mortgagee that the Tenant has entered or intends to enter into possession of the Premises pursuant to the terms of the Lease.

2. The Landlord and the Tenant warrant and represent to the Mortgagee that:

- (a) all necessary consents or approvals to the granting of the Lease and the Mortgage required under applicable legislation have been obtained and any relevant reservations or limitations in such legislation or affecting the Premises have been complied with and observed and the Landlord has the full right and authority to grant the Lease of the Premises to the Tenant for the use as provided in the Lease,
- (b) the Landlord has not directed the Tenant to take any remedial action pursuant to the Lease, and
- (c) the Landlord has not asserted against the Tenant any claim for indemnification pursuant to the Lease.

3. The Tenant warrants and represents to the Landlord and the Mortgagee that all of the issued and outstanding shares in the capital of the Tenant are owned legally and beneficially by the Landlord.

4. The Landlord acknowledges, agrees and confirms to and with the Mortgagee that:

- (a) the Mortgagee is an Approved Lender (as defined in the Lease) who is a mortgagee of the interest of the Tenant under the Lease and is defined as such in the Lease;
- (b) the Mortgagee will secure monies used by the Tenant for the Lands and the Premises for work done off the Lands by the Tenant and related to the Lease or the Lands and the Premises, for the Lease or for the obligations of the Tenant arising therefrom;
- (c) the Lease is in good standing and has not been amended,
- (d) the Mortgagee shall be entitled to all of the rights, privileges and benefits accruing to a Tenant's Mortgagee as provided in paragraph 15.5 of the Lease and the whole of Section 16 (comprising paragraphs 16.1 to 16.13 inclusive

thereof) of the Lease to the same extent as for any Tenant's Mortgagee thereunder,

- (e) a Non-Curable Default under the Lease shall include any of the events described in paragraph 18.2 of the Lease,
- (f) the Tenant's Mortgagee shall have no obligation or liability to cure any Non-Curable Default under the Lease in order to invoke, enforce or derive any benefits or advantages from any of the provisions of Section 16 of the Lease (comprising paragraphs 16.1 to 16.13 inclusive thereof),
- (g) there has been no prepayment of rent under the Lease except in accordance with the terms thereof, if any,
- (h) there are no rental arrears outstanding under the Lease,
- (i) the Landlord has not determined to act or given notice of its intention to act upon any default under the Lease, and to the best knowledge of the Landlord there has been no default under the Lease by either the Landlord or the Tenant,
- (j) any buildings and other improvements constructed on the Premises will become and remain the property of the Tenant during the term of the Lease.

5. The Landlord acknowledges receipt of notice of the Mortgage and a copy of the Mortgage from the Mortgagee and of written notice specifying an address for notices to be given to the Mortgagee, such address being the address of the Mortgagee as shown on the first page hereof, all in accordance with Article 16 and clause 14.3 of the Lease and the Landlord hereby covenants and agrees to grant and provide to the Mortgagee all rights, assurances and notices afforded under the terms of the Lease to a Tenant's Mortgagee as defined in the Lease.

6. The Landlord and the Tenant will at any time and from time to time, upon not less than 30 days' prior written request by the Mortgagee, execute, acknowledge and deliver to the Mortgagee a statement in writing certifying:

- (a) that the Lease is unmodified and in full force and effect or, if there have been any modifications, that the same are in full force and effect as modified and identifying the modifications,
- (b) the dates to which the rent or other charges payable under the Lease have been paid, provided that the request specifies the charges in respect of which such information is required, and
- (c) so far as the maker of the statement is aware, the other party to the Lease is not in default under any provision of the Lease, or, if in default, the particulars thereof.

7. The Tenant and the Landlord covenant and agree with the Mortgagee that:

- (a) they will not accept a surrender of the Lease, in whole or in part, without the prior written consent of the Mortgagee,
- (b) they will not agree to any modification or amendment to the Lease:

- (i) which may materially adversely affect the Mortgage or the Mortgagee's security, without the prior written consent of the Mortgagee, or
- (ii) which does not materially adversely affect the Mortgage or the Mortgagee's security, without giving the Mortgagee 30 days' prior written notice of such modification or amendment.

8. Neither the Mortgagee nor any receiver or receiver-manager appointed thereby nor any assignee, transferee or purchaser of the Lease pursuant to enforcement proceedings initiated by the Mortgagee shall, unless it elects to do so, be subject to or bound by any other agreements between the Landlord and the Tenant.

9. If the Landlord and the Tenant cannot agree as to any matters regarding the Lease and they decide that the resolution of the 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 proceeding and if in the reasonable opinion of the Mortgagee, such proceeding may affect the Mortgage or the Mortgagee's security, the Mortgagee shall be given a reasonable opportunity by the Tenant and the Landlord to participate in the arbitration proceedings

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

11. The Landlord has filed a notice of interest in the land title office pursuant to paragraph 3(b) of the Builder's Lien Act stating that the Landlord is giving notice that it will not be responsible for any improvements done to the Lands or improvements thereon, unless the improvements are undertaken at the express request of the Landlord.

12. If the Lease is terminated, surrendered, disclaimed or forfeited and as a result the Tenant ceases to have any leasehold interest in the Premises, all covenants and obligations of the Tenant hereunder shall be assumed by the Landlord without any further act or agreement of the parties.

13. The Mortgagee agrees that if it gives any written notice of default to the Tenant under the Mortgage, it will concurrently therewith give a copy of such notice to the Landlord at the address specified on page 1 of this Agreement and the Landlord shall have the right to cure such default.

14. The Mortgagee covenants and agrees that if the Tenant defaults under the Lease and the Mortgagee demands payment of the full principal sum owing under or secured by the Mortgage and commences foreclosure or other realization proceedings under the Mortgage, the Landlord shall have the right to require the Mortgagee to assign the Mortgage to the Landlord (or to another entity nominated by the Landlord in which the Landlord has an interest) upon payment to the Mortgagee of the principal sum, accrued interest, costs and any other moneys secured by or to which the Mortgagee is otherwise entitled, under or pursuant to the Mortgage.

15. The Tenant agrees to pay the costs of the Landlord incurred in connection with this Agreement.

16. This Agreement shall be deemed to terminate at such time as the Mortgage has been paid in full in accordance with the terms and conditions therein contained and, if the Mortgage has been registered, is discharged from the title to the Lands and Premises.

17. The Tenant hereby acknowledges and agrees that nothing contained in this Agreement shall in any way release or limit the covenants and obligations of the Tenant under the Mortgage or the Lease.

18. The Tenant expressly consents to the exchange of notices or information between the Landlord and the Mortgagee as contemplated herein, including in particular, but without limiting the generality of the foregoing, the giving to the Landlord or Mortgagee as the case may be of a copy of any written notice to the Tenant of default.

19. This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF this Agreement has been executed as of the date first above written.

SIGNED FOR AND ON BEHALF of THE)
UNIVERSITY OF BRITISH COLUMBIA by:)
)
)
_____)
Authorized Signatory)
)
_____)
Authorized Signatory)

SIGNED FOR AND ON BEHALF of UBC)
PROPERTIES INVESTMENTS LTD. by:)
)
)
_____)
Authorized Signatory)
)
_____)
Authorized Signatory)

SIGNED FOR AND ON BEHALF of ROYAL)
BANK OF CANADA by:)

_____)
Authorized Signatory)

_____)
Authorized Signatory)

Schedule "A"
To the Tripartite (Recital C)

PID: <@>
Lot <@>
District Lot 6494
Group 1, NWD
Plan BCP<@>

END OF DOCUMENT

CMHC FORM OF UNIVERSITY RENTAL HOUSING/COMMERCIAL LEASE

TERMS OF INSTRUMENT - PART 2

**LEASE BETWEEN THE UNIVERSITY OF BRITISH COLUMBIA
AND UBC PROPERTIES INVESTMENTS LTD.
AS TRUSTEE FOR UBC PROPERTIES TRUST**

TABLE OF CONTENTS

ARTICLE		PAGE
1.0	DEFINITIONS AND SCHEDULES	5
2.0	DEMISE AND EASEMENT	11
3.0	TERM OF LEASE	11
4.0	RENT	12
5.0	CONSTRUCTION OF IMPROVEMENTS	14
6.0	USE OF LANDS AND PREMISES	16
7.0	CONDUCT OF TENANT IN OCCUPATION	17
8.0	ENVIRONMENTAL CONSIDERATIONS	18
9.0	COMPLEMENTARY FACILITIES LICENCE	20
10.0	UTILITIES AND OTHER COSTS	22
11.0	REPAIRS AND MAINTENANCE	23
12.0	DAMAGE OR DESTRUCTION	24
13.0	INDEMNITY AND LIABILITY	25
14.0	INSURANCE	26
15.0	ASSIGNMENT, SUBLETTING AND MORTGAGING	27
16.0	RIGHTS OF TENANT'S MORTGAGEES	29
17.0	SPECIAL RIGHTS OF THE LANDLORD	32
18.0	DEFAULT, TERMINATION AND EXPIRY	33
19.0	INSPECTION	34
20.0	GENERAL TERMS AND INTERPRETATIONS	35
21.0	QUIET ENJOYMENT	36
22.0	OVERHOLDING	36
23.0	EXPROPRIATION	36
24.0	INDEMNITY BY THE INDEMNIFIER	36
25.0	MISCELLANEOUS	36
SCHEDULE "A"	Form of Agreement with the Tenant's Mortgagee	
SCHEDULE "B"	Form of Agreement with the Tenant's Mortgagee for CMHC Insured Loans	

THIS LEASE dated for reference <@>, 20<@>

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA, a British Columbia university created pursuant to the *University Act*, with an address of 240 - 6328 Memorial Road, Vancouver, British Columbia, V6T 1Z2

(herein called the "**Landlord**")

OF THE FIRST PART

AND:

UBC PROPERTIES INVESTMENTS LTD., a British Columbia company having an office at Suite 200 - 3313 Shrum Lane, Vancouver, British Columbia, V6S 0C8, as Trustee, for UBC Properties Trust operating as a division for the purposes of this Lease under the firm name and style of Village Gate Homes

(hereinafter called the "**Tenant**")

OF THE SECOND PART

WHEREAS:

A. The Landlord owns the Lands described in Part 1, Item 2 of this Lease and defined as such in subsection 1.1(p) below;

B. The Landlord has constructed on the Lands at the Landlord's sole cost a <@> (<@>) storey rental apartment building containing <@> underground parking stalls, <@> (<@>) city homes and <@> apartment units defined together in paragraph 1.1(bb) below as the Premises;

Use recital B or C whichever is applicable.

C. The Tenant is obligated to construct upon the Lands, at the Tenant's sole cost, a <@> storey building (defined in subsection 1.1(bb) below as the Premises) containing <@> floors of underground parking, with level <@> containing an upper and lower section, <@> insert (market or non-market rental residential units (defined together in subsection 1.1(gg) below as the "**Residential Space**"), and space on the ground floor with separate entrance containing approximately <@>square feet that is initially intended to be used for the operation of a <@> (defined in subsection 1.1(w) below as the "**Non-Residential Space**");

D. The Landlord has agreed to lease the Lands to the Tenant on the terms and conditions set out in this Lease.

NOW THEREFORE in consideration of the terms and agreements hereinafter contained the parties hereto covenant and agree as follows:

1.0 DEFINITIONS AND SCHEDULES

1.1 Whenever any of the following expressions are used in this Lease they shall have the following meanings:

- (a) "**Additional Pollution**" means Pollution of the Lands and Premises as disclosed by a Further Audit and which was caused by the Tenant or a Subtenant and which is not Existing Pollution or the result of the migration of Pollution onto the Lands and Premises;
- (b) "**Affiliate**" has the meaning ascribed to it in the *Business Corporations Act* of British Columbia;
- (c) "**Appraiser**" means any qualified real estate appraiser agreed upon in writing by the Landlord and the Tenant or failing such agreement by June 30 in any Lease Year, means an accredited appraiser who is a member in good standing with the Appraisal Institute of Canada, British Columbia Association, and who has experience valuing land and interests in land such as the Premises and who is appointed by arbitration pursuant to Section 25.7;
- (d) "**Approved Lender**" means:
 - (i) a government, chartered bank, trust company, credit union, insurance company or pension fund authorized to carry on business in British Columbia;
 - (ii) such other Person as may be approved by the Landlord, acting reasonably;
- (e) "**Arbitration**" has the meaning set out in Section 25.7;
- (f) "**Audit**" means the environmental investigation of the Lands performed by the Consultant on behalf the Tenant pursuant to Section 8.1;
- (g) "**Authority**" means any government agency, body, corporation, organization, department or authority responsible for administering or enforcing any Law;
- (h) "**Campus**" means the lands and premises situate west of the Point Grey District of the City of Vancouver, Province of British Columbia which comprise the Vancouver 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 University Endowment Lands;
- (i) "**Complementary Facilities**" means facilities on the Campus such as roadways, parking areas and other improvements that are to be used in connection with the operations of the Tenant;
- (j) "**Consultant**" means any qualified environmental consultant agreed upon in writing by the Landlord and the Tenant;
- (k) "**Environment**" has the meaning given to it in the *Canadian Environmental Protection Act* (Canada) as of the date of this Lease;

- (l) **"Existing Pollution"** means the Pollution of the Lands, if any, disclosed by the Audit;
- (m) **"Fair Market Value"** means the assessed value as determined by the provincial assessor, if the Lands and Premises are so assessed, or such variation thereof as may be set on an appeal of such assessed value, and if no such assessment is made means actual market value of the Lands and Premises available in an unrestricted market between informed prudent parties, acting at arm's length and under no compulsion to act, putting the Lands and Premises to their permitted use pursuant to the terms of this Lease as determined in August of each year during the Term, by the Appraiser at the Landlord's cost;
- (n) **"Fiscal Year"** means after the reference date of this Lease, the 12-month period commencing on April 1 and ending on March 31 during the Term, provided that the first Fiscal Year shall commence on the commencement date set out in Section 3.1 and end on the last day of the following March and the last Fiscal Year shall end on the last day of the Term and commence on the preceding first day of April and provided further that if the Tenant changes its fiscal year at any time, there shall be a corresponding change in the Fiscal Year so that the Fiscal Year for the purposes of this Lease is the same as the fiscal year of the Tenant from time to time;
- (o) **"Further Audit"** means an environmental audit of the Lands and Premises performed by the Consultant on behalf of the Landlord and the Tenant at the Tenant's expense to determine the existence, nature and extent of any Additional Pollution and to determine what Remedial Action if any is necessary with respect to any Additional Pollution and to determine the cost of remediating that Additional Pollution;
- (p) **"Lands"** means those lands legally described in Item 2 – Part 1 of this Lease;
- (q) **"Land Use Rules"** means the plans, memorandums of understanding, policies, handbooks, guidelines, rules, regulations, bylaws and any other documents no matter how they are titled governing land use and the construction, renovation, maintenance, repair and replacement of buildings on the Campus and in the <@> Neighbourhood in the form adopted by UBC's Board of Governors from time to time, and all permits that are required to be issued by the Municipal Authority Having Jurisdiction in connection with the construction, renovation, maintenance, repair and replacement of the Building by the Lessee from time to time during the Term;
- (r) **"Law"** means any Federal, Provincial, Municipal and other governmental laws and regulations relating to protection of the Environment or its Pollution including the *Canadian Environmental Protection Act (Canada)* and the *Environmental Management Act, SBC2003* and the regulations made under them and includes any amendment, revision, re-enactment or replacement of any such Law, regulation or bylaw;
- (s) **"Lease Year"** means after the reference date of this Lease, the 12-month period commencing on January 1 and ending on December 31 during each year of the Term, provided that the first Lease Year shall commence on the commencement date set out in Section 3.1 and end on the last day of the following December

and the last Lease Year shall end on the last day of the Term and commence on the preceding first day of January;

- (t) **"Medium"** means any land, water or air and includes the Lands and Premises;
- (u) **"Minimum Rent"** means the amount payable by the Tenant pursuant to subsection 4.1(a) of this Lease;
- (v) **"Municipal Authority Having Jurisdiction"** means Campus & Community Planning in its capacity as regulatory, inspection and permitting authority for the Campus or such other department of The University of British Columbia as becomes responsible for this function from time to time. In the event that the Lands become part of a municipality, or the University Endowment Lands, or any other governing body acquires jurisdiction over the Lands similar to that of municipalities and assumes these functions, that governing body shall become the Municipal Authority Having Jurisdiction;
- (w) **"Non-Residential Space"** means the space in the Premises on the ground floor with separate entrance containing approximately <@> square feet that is initially intended to be used for the operation of a <@>(insert type of commercial use);
- (x) **"Notice of Non-Compliance"** means any written notice, requisition, requirement or order made by an authority having jurisdiction under any Law relating to the Lands and Premises, Pollution of the Lands and Premises or the Permitted Activities;
- (y) **"Permitted Activities"** means <@> For a faculty and staff 'institutional' building insert) the use and occupation of the Premises by the Tenant or a Subtenant for the sole purpose of providing residential housing to faculty and staff of the Landlord and other members of the Campus community, with not less than 10% of the units in the Premises to be set aside for occupancy by the elderly, youths, students, individuals in needs of assistance, or individuals whose eligibility is dependent upon them being members of the Landlord's faculty or staff

Or alternatively, insert for market or non-market residential and commercial use:

the use and occupation of the Premises by the Tenant or a Subtenant for <@>insert (market) or (non-market) rental residential purposes in respect of the Residential Space and as a <@> insert (type of commercial use) in the Non-Residential Space, or such other uses as may be permitted by law, in either the Residential Space or the Non-Residential Space;

- (z) **"Person"** includes a person, firm, corporation, partnership, group of persons, or any combination of them, and the personal or other legal representatives of such person to whom the context can apply at law;
- (aa) **"Pollute"** is a verb which means to Release into or unto any Medium any Substance that:
 - (i) alters the physical, biological or chemical nature of that Medium;
 - (ii) alters the capacity of the Medium to support any living thing whether animal or plant life;

- (iii) injures or is capable of injuring the health or safety of a person in or near the Medium;
- (iv) injures or is capable of injuring property or any life form in or near the Medium;
- (v) interferes with or is capable of interfering with visibility or the dispersion of light or any photochemical activity within the Medium;
- (vi) interferes with or is capable of interfering with normal conduct of business in, on, near or from the Medium;
- (vii) causes or is capable of causing physical discomfort to a person in, on or near the Medium;
- (viii) damages or is capable of damaging the Environment; or
- (ix) is Waste;

and such Release is prohibited, regulated, controlled or licensed under any Law and "Polluted" is an adjective and "Pollution" and "Pollutant" are nouns which have meanings that correspond to the meaning contained in this section;

- (bb) "**Premises**" means the building to be constructed by the Landlord (<@> the Tenant) upon the Lands, at the Landlord's (<@> or the Tenant's) sole cost, in accordance with development permit DP<@> permitting a <@> insert (market or non-market) rental housing project (and if appropriate) commercial uses on the main floor;
- (cc) "**Prime Rate**" means the rate of interest per annum (regardless of how or when calculated) designated from time to time by the Landlord's principal banker from time to time (the "**Bank**") as being the prime commercial lending rate (now commonly known as the Bank's prime rate) charged by the Bank for demand loans in Canadian funds made at the main branch of the Bank in Vancouver, British Columbia (and if at any time there is more than one prime commercial lending rate of the Bank then the Prime Rate shall be the highest prime commercial lending rate of the Bank);
- (dd) "**Release**" includes release, store, manufacture, treat, generate, transport, spill, leak, pump, pour, dump, abandon, emit, empty, discharge, spray, inoculate, deposit, seep, throw, place, exhaust, inject, escape, leach, dispose, infuse or introduce;
- (ee) "**Remedial Action**" means any act, measure, work or thing done, taken, carried out, acquired or constructed that is or may be reasonably necessary to investigate, assess, control, abate, dissipate, render harmless, mitigate or remove Pollution in accordance with the requirements of governmental authorities having jurisdiction over a Pollutant;
- (ff) "**Rent**" means the Minimum Rent set out in subsection 4.1(a) and all other money payable by the Tenant under this Lease whether or not designated as "Rent";

- (gg) "**Residential Space**" means the space in the Premises containing <@> floors of underground parking, with level <@> containing an upper and lower section, and <@> (insert market or non-market) rental residential units;
- (hh) "**Sales Taxes**" means any and all taxes, fees, levies, charges, assessments, rates, duties and excises (whether characterized as sales taxes, purchase taxes, value added taxes, goods and services taxes, harmonized sales taxes, or any other form of tax) which are imposed on the Landlord or which the Landlord is liable to pay, and which are levied, rated or assessed on the act of entering into this Lease or otherwise on account of this Lease, on the use or the occupancy of the Lands and Premises or any portion of the Lands and Premises, on the Rent payable under this Lease or any portion of the Rent or in connection with the business of renting the Lands or any portion of the Lands. Provided that if the Sales Taxes are reduced by reason of any exemption or deduction to which the Landlord is entitled by virtue of:
- (i) the payment of any taxes, fees, levies, charges, assessments, rates, duties or excises upon the purchase price of any lands or of any interest in such lands whether before, concurrently with or after the execution and delivery of this Lease; or
 - (ii) the payment of any taxes, fees, levies, charges, assessments, rates, duties or excises with respect to rents, additional rents and any other amounts payable by the Landlord as a tenant under any lease whether such lease is now existing or arises after the date of execution and delivery of this lease, then the Sales Taxes shall be deemed to be the amount which would have been imposed on the Landlord with respect to the Rent payable by the Tenant to the Landlord under this Lease had no such exemption or deduction been permitted. The Landlord shall have the right, in its sole discretion, to allocate any exemption or deduction to which the Landlord is entitled:
 - (A) in such a way as to reduce the Sales Taxes to the extent and in such proportion as the Landlord may in its sole discretion determine; or
 - (B) in such a way as not to reduce the Sales Taxes at all.

Provided however, Sales Taxes shall exclude income tax under Part I of the *Income Tax Act* of Canada, the Tenant's Taxes, and the Taxes;
- (ii) "**Service Levy**" means the charge levied by the Landlord against the Tenant for the provision of and use of certain services, sometimes provided by municipalities or other public authorities, and for the use of the Complementary Facilities both of which are provided by the Landlord to all tenants located on the Campus;
- (jj) "**Strategic Alliance**" Intentionally Deleted;
- (kk) "**Sublease**" means a written sublease in respect of any part of the Premises between the Tenant and a Subtenant;

- (ll) "**Subleased Lands**" means all portions of the Premises subleased to Subtenants, or in the context of any particular Sublease, means the portion of the Premises subleased pursuant to such Sublease;
- (mm) "**Substance**" has the meaning given to it in the *Canadian Environmental Protection Act* (Canada) as of the date of this Lease;
- (nn) "**Subtenant**" means a subtenant of the Tenant in respect of any portion of the Premises and any Person who undertakes or assumes the obligations of that subtenant;
- (oo) "**Taxes**" means all taxes, fees, levies, charges, assessments, rates, duties and excises which are not or may hereafter be levied, imposed, rated or assessed for the Term upon or with respect to the Lands and Premises or any part of the Lands and Premises or any personal property of the Landlord used therefor, whether levied, imposed, rated or assessed by the Government of Canada, the Government of British Columbia, or any political subdivision, political corporation, district, municipality, city or other political or public entity, and whether or not now customary or in the contemplation of the parties on the date of this Lease. Without restricting the generality of the foregoing, Taxes shall include all:
- (i) real property taxes, general and special assessments and capital taxes;
 - (ii) taxes, fees, levies, charges, assessments, rates, duties and excises for transit, housing, schools, police, fire or other governmental services or for purported benefits to the Lands and Premises;
 - (iii) local improvement taxes, service payments in lieu of taxes, and taxes, fees, levies, charges, assessments, rates, duties and excises, however described, that may be levied, rated or assessed as a substitute for, or as an addition to, in whole or in part, any property taxes or local improvement taxes; and
 - (iv) costs and expenses including legal and other professional fees and interest and penalties on deferred payments, incurred by the Landlord in contesting or appealing any taxes, assessments, rates, levies, duties, excises, charges or other amounts as aforesaid;
- but Taxes shall exclude all of the following:
- (A) income tax under Part I of the *Income Tax Act* of Canada;
 - (B) the Tenant's Taxes; and
 - (C) the Sales Taxes;
- (pp) "**Tenant's Mortgagee**" means an Approved Lender who is a mortgagee of the interest of the Tenant under this Lease provided that the amortization period of such mortgage shall not exceed 25 years unless the Landlord otherwise agrees;
- (qq) "**Tenant's Taxes**" means all taxes, fees, levies, charges, assessments, rates, duties and excises which are now or may hereafter be levied, imposed, rated or assessed for the Term by any lawful authority relating to or in respect of the

business of the Tenant or a Subtenant or relating to or in respect of personal property and all business and trade fixtures, machinery and equipment, cabinet work, furniture and movable partitions owned or installed by the Tenant or a Subtenant at the expense of the Tenant or a Subtenant or being the property of the Tenant or a Subtenant, or relating to or in respect of improvements to the Lands built, made or installed by the Tenant or a Subtenant, on behalf of the Tenant or a Subtenant or at the Tenant's or a Subtenant's request whether any such amounts are payable by law by the Tenant or a Subtenant or by the Landlord and whether such amounts are included by the taxing authority in the Taxes; provided however, Tenant's Taxes does not include income tax payable by the Tenant under Part 1 of the *Income Tax Act* of Canada or Sales Taxes;

- (rr) "**Term**" means the term as set out in Section 3.1 herein;
- (ss) "**UBC's Rules and Regulations**" means those rules (including the Land Use 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 Premises and/or the residents thereof and/or the Campus generally;
- (tt) "**Waste**" has the meaning given to it in the Environmental Management Act, SBC2003 but if the Environmental Management Act, SBC2003 is repealed, "Waste" has the meaning given to it on the day immediately preceding the repeal of that Act or if that Act is amended so that the term "Waste" is no longer used in it then "Waste" has the same meaning as the term which replaces it in that Act;

1.2 The following are the schedules forming part of this Lease:

Schedule "A"	Form of Agreement with the Tenant's Mortgagee
Schedule "B"	Form of Agreement with the Tenant's Mortgagee for CMHC Insured Loans

2.0 DEMISE AND EASEMENT

2.1 Demise. In consideration of the Rent prescribed herein and the faithful performance by the Tenant of the terms, covenants and conditions herein on the part of the Tenant to be kept and performed the Landlord hereby leases to the Tenant and the Tenant hereby leases from the Landlord the Lands for the Term as hereinafter defined.

2.2 Easement. INTENTIONALLY DELETED.

2.3 Parking. The Tenant is entitled to use, regulate and control, during the Term, all parking that is located on the Lands.

2.4 Registration. The Landlord will provide this Lease to the Tenant in registrable form. The Tenant shall bear the cost of the registration and any property transfer tax.

3.0 TERM OF LEASE

3.1 The term of this Lease shall commence on <@>, 20<@> and continue for a term of <@> years to and including <@>, 21<@>, unless sooner terminated as herein provided.

4.0 RENT

4.1 The Tenant covenants and agrees to pay during the Term to the Landlord, or as the Landlord may in writing direct, in lawful money of Canada without set-off, compensation or deduction, Rent which shall be the aggregate of the sums specified in subsections (a), (b), (c), (d) and (e) of this section:

- (a) a Minimum Rent in the sum of \$<@> for the entire Term, which Minimum Rent shall be fully prepaid in advance on the first day of the Term;
- (b) the Service Levy, equal to the Fair Market Value of the Lands and Premises as determined during the previous Lease Year multiplied by the difference between the general mill rate of the City of Vancouver levied on properties put to similar uses as the Lands and Premises and the general mill rate imposed by the Surveyor of Taxes for unorganized territories on same class properties in each case (so that the total of the Taxes levied on the Lands and Premises by the Surveyor of Taxes and the amount of the Service Levy is equivalent to what the Taxes would have been if the Lands and Premises had been located in the City of Vancouver);
- (c) all utilities and other costs referred to in Article 10.0 hereof which are incurred by the Landlord in connection with the Lands and Premises shall be payable on their due dates;
- (d) all Taxes and Tenant's Taxes shall be payable on their due dates;
- (e) all Sales Taxes shall be payable on their due dates.

4.2 Tenant's Responsibility Re Taxes and Tenant's Taxes. The Tenant shall, at the Landlord's request, promptly deliver to the Landlord receipts for payments of all Taxes and Tenant's Taxes payable by the Tenant, notices of any assessments for Taxes or Tenant's Taxes or other assessments received by the Tenant that relate to the Lands and Premises, and whatever other information relating to Taxes or Tenant's Taxes the Landlord reasonably requests from time to time. The Tenant shall deliver to the Landlord, at least 10 days after filing an appeal, notice of any appeal or contestation that the Tenant commences with respect to Taxes or Tenant's Taxes payable by the Tenant. If the Tenant does not pay the Taxes or Tenant's Taxes before the appeal or contestation, the Tenant shall deliver to the Landlord whatever security for the payment of the Taxes or Tenant's taxes as the Landlord reasonably requires, promptly and diligently prosecute the appeal or contestation, and keep the Landlord informed on all aspects of it. The Tenant shall indemnify and save the Landlord harmless from all loss, cost, charges and expenses arising from Taxes or Tenant's Taxes as well as any taxes, rates levies and assessments that may be levied or imposed for the Term in place of Taxes or Tenant's Taxes, whether against the Landlord or the Tenant including, but not limited to, increases in Taxes or Tenant's Taxes arising out of an appeal or contestation by the Tenant. The Tenant shall deliver to the Landlord any security for such an increase in Taxes or Tenant's Taxes that the Landlord reasonably requires.

4.3 Sales Taxes. It is the intention of the parties that the Landlord shall be fully reimbursed by the Tenant in respect of any and all Sales Taxes payable by the Landlord. The amount of the Sales Taxes so payable by the Tenant shall be calculated by the Landlord in accordance with the applicable legislation and shall be paid to the Landlord at the same time as the amounts to which such Sales Taxes apply are payable to the Landlord under the terms of

this Lease or upon demand at such other time or times as the Landlord from time to time determines. Notwithstanding anything in this Lease to the contrary, the amounts payable by the Tenant under this Section 4.3 shall be deemed not to be Rent, but the Landlord shall have all of the same rights and remedies for the recovery of such amounts as it has for recovery of Rent under this Lease

4.4 Pro-rata Adjustments. All Rent reserved herein including the Service Levy shall be deemed to accrue from day-to-day and if for any reason it shall become necessary to calculate the same for irregular periods of less than 12 consecutive months an appropriate pro rata adjustment shall be made on a daily basis in order to compute for such irregular period.

4.5 No Set-off. Except as provided in this Lease, the Tenant hereby waives and renounces any and all existing and future claims, set-off and compensation against any Rent or other amounts due hereunder and agrees to pay such Rent and other amount regardless of any claim, set-off or compensation which may be asserted by the Tenant or on its behalf.

4.6 Service Levy Replaced. If the Lands become part of a municipality or the University Endowment Lands or any other governing body acquires jurisdiction over the Lands similar to that of municipalities, the Service Levy shall be replaced by the local governing body's taxes (unless the Lands and Premises remain exempt from such taxes, in which case the Service Levy shall continue to be paid by the Tenant to the Landlord) which shall be paid directly to such local governing body and the Tenant's obligation to pay the Service Levy shall be of no further force or effect.

4.7 Accounting. The Tenant shall:

- (a) maintain accounts in respect of this Lease and each of the Subleases;
- (b) prepare a budget for each fiscal year of the Tenant or portion thereof occurring during the Term, with respect to the Lands and Premises, the Lease and the estimated revenue and expenses related thereto, identifying funds proposed to be borrowed during the period of such budget and secured by a mortgage of the Tenant's interest in this Lease, and if requested by the Landlord, provide a copy of each such budget and each revision thereof to the Landlord's Vice-President, Finance, Resources and Operations within 15 days of their approval by the Tenant's directors each year;
- (c) if requested by the Landlord, prepare periodic statements at least four times in each Fiscal Year of all amounts received pursuant to, and expenses incurred in connection with the Lease, the Premises and the Subleases showing variances from budgeted amounts and deliver a copy of each such periodic statement to the Landlord's Vice-President, Finance, Resources and Operations within 15 days of their approval by the Tenant's directors;
- (d) deliver to the Landlord's Vice-President, Finance, Resources and Operations, a copy of the Tenant's annual consolidated summary financial statement showing:
 - (i) total current assets;
 - (ii) total non-current assets; and
 - (iii) total assets; and

- (iv) total current liabilities;
- (v) total non-current liabilities; and
- (vi) total liabilities; and
- (vii) total equity

certified by an officer or trustee of the Tenant to accurately represent the summary of the consolidated financial statement of the Tenant for such year, and a copy of detailed statements with respect to the operations of the Tenant on the Lands and Premises and under the Lease, provided however, the obligation in this subsection 4.7(d) to deliver a copy of the Tenant's consolidated summary financial statements shall not apply to the Tenant's Mortgagee, or any assignee from the Tenant's Mortgagee or subsequent assignee of this Lease. Such statements shall be delivered to the Landlord's Vice-President, Finance, Resources and Operations, within 15 days of their approval by the Tenant's directors;

- (e) permit the Landlord to review the files, books and financial records of the Tenant in connection with the Tenant's management of the Lease and Subleases, the collection of the amounts coming due under the Subleases and the expenses incurred in connection therewith, upon receiving reasonable notice of the Landlord's desire to do so;
- (f) if the Tenant intends to enter into a major real estate project which would cause the total balance sheet liabilities of the Tenant to exceed 80% of the total liabilities and equity of the Tenant, it shall so advise the Landlord's Vice-President, Finance, Resources and Operations and the Landlord's Vice-President, Finance, Resources and Operations, may request a pro forma summary financial statement as described in subsection 4.7(d) herein which would include the proposed project, certified by an officer or trustee of the Tenant to accurately represent the expected impact of the proposed project on the summary financial statements, provided however, the obligation in this subsection 4.7(f) shall not apply to the Tenant's Mortgagee, or any assignee from the Tenant's Mortgagee or subsequent assignee of this Lease.
- (g) all financial information with respect to the Tenant obtained by the Landlord, its employees, officers and governors, shall be held confidential and not disclosed to any party and shall not be circulated to any other party whether within the employ of the Landlord or otherwise, except with the prior written consent of the Tenant.

5.0 CONSTRUCTION OF IMPROVEMENTS

5.1 Plan and Specification Approval. Notwithstanding any other terms or provisions of this Lease, the Tenant shall not make substantial renovations, repairs or alterations to the Premises that are governed by the BC Building Code adopted by the Landlord, without the written consent of the Landlord, and until complete drawings, plans and specifications for the construction thereof have been approved in writing by the Landlord, such consent and approval not to be unreasonably withheld or unduly delayed. Such drawings, plans and specifications shall specify the location, design, layout, appearance, materials to be used and any and all other necessary details requested by the Landlord, acting reasonably. The Landlord's

reasonable costs of assessing drawings, plans and specifications submitted by the Tenant for approval by the Landlord or any other reasonable related costs, including but not limited to the cost of permits and inspections required, shall be payable by the Tenant. If the Landlord approves of such proposed construction it shall have the right to inspect such construction on reasonable notice during normal business hours. Notwithstanding what is set out above, so long as there is no municipality or other local governing body which has jurisdiction, it is agreed that the only approval process which the Tenant must go through pursuant to this Section 5.1 is that established by the Municipal Authority Having Jurisdiction from time to time for the development of buildings on the Campus; it being understood and agreed however, that notwithstanding anything else set out in this Lease, the Municipal Authority Having Jurisdiction shall have no liability to the Tenant for claims arising in negligence, causing delay, or otherwise, in connection with assessing drawings, plans and specifications, issuing permits, granting approvals and consents, or conducting inspections.

5.2 Compliance with Authorities. The Tenant shall operate all improvements constructed by the Landlord on the Lands in accordance with any applicable statute, bylaw, rule or regulation of any governmental authority, including any bylaw, rule or regulation of the Municipal Authority Having Jurisdiction and also including without limitation the British Columbia Building Code, the Land Use Rules and UBC's Rules and Regulations, and pay all necessary fees, permits, assessments and charges properly payable to such authorities in relation to any such improvements and the operation thereof.

5.3 Liens. The Tenant covenants that during the currency of this Lease it shall neither do nor fail to do, any act which may result in any builders' lien, or any other statutory lien being registered against the lands of the Landlord, and if any such lien should be registered against the lands of the Landlord as a result of any act or failure to act on the part of the Tenant, the Tenant hereby agrees to indemnify and hold harmless the Landlord with respect to such lien, and to take all necessary steps to remove such lien from title to the Campus and or the Lands and Premises forthwith upon notice by the Landlord. In the event that the Tenant fails to take such necessary action within two weeks of receipt of notice from the Landlord, the Landlord may take all necessary action to remove the same in the name of the Tenant and the Tenant agrees to indemnify the Landlord for any and all costs, charges or expenses with respect to the same including solicitor's fees on an indemnity basis and to pay to the Landlord such costs, charges and expenses within 10 days of notice from the Landlord of the same or the Tenant shall be in default as defined in subsection 18.1(a) herein.

5.4 *Builder's Lien Act.* The Landlord has filed a notice of interest in the land title office pursuant to paragraph 3(b) of the *Builder's Lien Act* stating that the Landlord is giving notice that it will not be responsible for any improvements done to the Lands and Premises or improvements thereon, unless the improvements are undertaken at the express request of the Landlord.

5.5 Ownership of Building. All buildings and improvements situated upon the Lands, as between the Landlord and the Tenant, shall become and remain the property of the Tenant provided that at the termination of this Lease such buildings and improvements shall remain on the Lands and shall become the property of the Landlord, subject to the rights of the Tenant pursuant to this Lease including without limitation Section 5.6 and to the rights of the Tenant and those claiming under or through the Tenant to the proceeds of insurance as provided herein.

5.6 Removal of Fixtures. At any time when the Tenant is not in default under this Lease, and upon termination of the Lease or any part thereof, the Tenant may remove from the

Lands any fixtures or equipment installed in the Premises whether or not such fixtures or equipment are fastened to a building or other improvements located upon the Lands and regardless of the manner in which they are so fastened, provided however that under no circumstances shall any fixture or equipment be removed:

- (a) prior to the termination of the Term if such fixture or equipment is used in the operation of the building or improvement upon the Lands unless the same is coincidentally being replaced or unless such removal is by reason of the termination or expiry of a Sublease;
- (b) if the removal would result in impairment of the structural strength of the building or improvement upon the Lands; or
- (c) that changes the exterior appearance of the building on the Lands,

unless the Landlord has given its prior written consent, such consent not to be unreasonably withheld or unduly delayed. The Tenant shall fully repair any damage occasioned by the removal of any such fixtures and equipment and, unless the building or improvement is being demolished as required or permitted hereunder, shall leave the building and improvement in good, clean and neat condition, subject to normal wear and tear.

6.0 USE OF LANDS AND PREMISES

6.1 Facility. The Tenant shall not use the Lands and Premises, nor permit them to be used by other Persons, for any purpose other than for Permitted Activities unless the written consent of the Landlord is first obtained. Provided that the Landlord has not previously consented to such use, the Landlord may prohibit any use which is either inconsistent or incompatible with the definition of the Permitted Activities, or might cause public relations problems for the Landlord.

6.2 Continuous Use and Standard of Operation. If the Tenant does not continuously use the Lands and Premises or any portion thereof throughout the Term for the purpose of offering the same for sublease in accordance with the terms of this lease, then the Landlord may terminate this Lease, but subject to the rights of Subtenants as provided in Section 15.10 and the rights of Tenant's Mortgagees pursuant to Section 16.1; provided however, this Section 6.2 shall not apply if and whenever the Tenant is the Tenant's Mortgagee, or any assignee of the Tenant's Mortgagee or subsequent assignee of this Lease, and shall not apply while the Premises, or a substantial part of the Premises, are not reasonably capable of use by the Tenant as a result of damage to the Premises, the Campus or Complementary Facilities.

6.3 Approvals. The Tenant will ensure that all licenses, designations, permits and approvals necessary for the operation of its activities on the Lands and Premises have been obtained and are maintained.

6.4 Promotion. <@>[N.B. This may need modification if a student residence or circumstances other than Faculty and Staff Housing are involved.]The Tenant agrees to promote actively and continuously the subletting of the Premises for market rental residential purposes and shall, as vacancies arise from time to time in the residential units within the Premises, use its reasonable commercial efforts to attract potential Subtenants to the residential units within the Premises who will enhance and promote the objective of providing a variety of residential rental units to members of the Campus community and the general public; provided however, this Section 6.4 shall not apply if and whenever the Tenant is the Tenant's Mortgagee,

or any assignee of the Tenant's Mortgagee or subsequent assignee of this Lease, and shall not apply while the Premises, or a substantial part of the Premises, are not reasonably capable of use by the Tenant as a result of damage to the Premises, the Campus or the Complementary Facilities.

6.5 Strategic Alliances Intentionally Deleted.

7.0 CONDUCT OF TENANT IN OCCUPATION

7.1 Signs. The Tenant will not erect or place or suffer to be erected or placed or maintain any sign of any nature whatsoever on the Campus or on the Lands and Premises without first obtaining the Landlord's (through Campus and Community Planning) written approval and consent in each instance and abiding by the Land Use Rules and UBC's Rules and Regulations (through Campus and Community Planning) with respect to such signs. Such consent shall not be unreasonably withheld or delayed.

7.2 Overloading of Utilities. The Tenant will not install or suffer to be installed equipment which will exceed or overload the capacity of utility facilities servicing the Lands and Premises. The Landlord represents and warrants that the utility capacity required by the Tenant as identified in the plans and specifications for the Premises to be constructed by the Tenant will not overload the capacity of utility facilities serving the Lands and Premises. If equipment installed or allowed to be installed by the Tenant requires additional utility facilities and capacity in excess of that identified in the said plans and specifications, the Tenant shall advise the Landlord of such additional requirements and the Landlord will supply the same subject to its obligations to do so as provided in this Lease and the Tenant will bear the costs as provided in Section 10.2 herein.

7.3 Cleanliness. At the sole cost and expense of the Tenant the Lands and Premises shall be kept by the Tenant in a clean and sanitary condition in accordance with all Laws, other laws, directions, rules and regulations of all governmental bodies having jurisdiction there over including all health officials, fire marshals, building inspectors or other officials, the insurers of the Landlord, the Land Use Rules and UBC's Rules and Regulations. In the event the Tenant fails to comply with the foregoing provisions the Landlord may rectify the situation and collect the expense for such work from the Tenant, or the Tenant shall be considered to be in default as defined in subsection 18.1(a) herein.

7.4 Nuisance. The Tenant will not carry on or perform or suffer or permit to be carried on or performed or suffered on the Lands and Premises any practice or act or engage in any activity which is or becomes a nuisance or a menace or which in any way adversely affects the Lands and Premises, the Campus or any part thereof or is or becomes a hazard or nuisance to any person using or occupying the Lands and Premises, the Campus or any part thereof.

7.5 Compliance with Laws. The Tenant shall comply with and abide by the Land Use Rules, UBC's Rules and Regulations and all federal, provincial, municipal and other governmental statutes, ordinances, Laws, other laws and regulations affecting the Lands and Premises or any activity or conduct of the Tenant on or in the Lands and Premises.

7.6 Compliance with Insurance Policies. The Tenant shall comply with and abide by all policies of insurance (and the policies of insurers thereunder and the underwriters thereof) from time to time in force with respect to any improvement or operation on, or any condition, use or occupation of, the Lands and Premises or to any liability which might arise therefrom.

7.7 Rubbish Removal. The Tenant will provide proper and adequate receptacles for refuse and rubbish of all kinds and will attend to the removal of the same from the Lands and Premises at regular intervals.

7.8 Snow and Ice Removal. The Tenant will dutifully and promptly provide for the removal of snow and ice from the Lands and Premises to the extent that the same will not form a hazard to any person using the Lands and Premises.

7.9 Control of the Tenant and Subtenants. INTENTIONALLY DELETED.

7.10 Abandonment of Purpose. Notwithstanding anything herein contained should the Tenant operate on the Lands and Premises in a manner so as to place the Tenant in default with the provisions of Article 7.0 hereof then, at the option of the Landlord, this Lease may be terminated pursuant to the provisions set forth in Article 18.0.

7.11 Termination and Default. INTENTIONALLY DELETED

7.12 Landscaping. The Tenant shall at its cost maintain the landscaping on the Lands and Premises to at least the standards reasonably imposed by the Municipal Authority Having Jurisdiction from time to time and consistent with those standards to which the Landlord maintains the landscaping on other lands owned by the Landlord and situate on the Campus.

8.0 ENVIRONMENTAL CONSIDERATIONS

8.1 Audit. The Tenant shall, at its expense, if it is requested to do so by the Landlord, cause the Consultant to perform the Audit. A copy of the Audit shall be provided by the Consultant to the Landlord at the same time that it is provided to the Tenant together with a letter from the Consultant addressed to the Landlord confirming that the Landlord is entitled to rely on such Audit as if the Audit had been prepared at the request of the Landlord.

8.2 Release of Landlord. The Tenant hereby releases the Landlord from and in respect of any cost, expense, damage, loss or liability which may be incurred or suffered by the Tenant, its employees or agents in connection with the:

- (a) need for the Tenant to take any Remedial Action and the taking of Remedial Action as a result of Additional Pollution; or
- (b) effect of Additional Pollution on the health or the property of any Persons;

except to the extent that any such cost, expense, damage, loss or liability was caused or contributed to by the Landlord's negligent or willful act or default or that of its employees or those for whom in law the Landlord is responsible.

8.3 Tenant to Avoid Pollution. The Tenant must take all necessary precautions so as to ensure that the Lands and Premises and any areas surrounding the Lands and Premises do not and are not likely to become Polluted by any Additional Pollution and agrees to indemnify and save harmless the Landlord for any cost, damage, loss or liability incurred or suffered by the Landlord, its officials, employees and agents in respect of any Additional Pollution of the Lands and Premises and any area or areas surrounding the Lands and Premises caused by the Permitted Activities or any other action of the Tenant or any Subtenant.

8.4 No Waste to be Used on the Lands and Premises. The Tenant must use the Lands and Premises only as provided under Article 6.0 and must not at any time cause or allow

any Waste to be generated, created, used, stored, treated, transferred, transported or disposed of on the Lands and Premises except in compliance with all Laws.

8.5 Landlord's Rights Regarding Additional Pollution. If during the Term, the Lands and Premises are found to be Polluted by any Additional Pollution or the Landlord is required by any Authority to determine whether the Lands and Premises are Polluted by Additional Pollution or to take Remedial Action regarding Additional Pollution, the Landlord may:

- (a) cause the Consultant to perform a Further Audit;
- (b) notify the Tenant of the nature and extent of the Additional Pollution and any Remedial Action the Consultant considers reasonably necessary or which any Authority requires be taken, or both, or which has already been performed where an emergency existed and any Authority required the Landlord to take Remedial Action immediately;
- (c) take any Remedial Action which any Authority requires be taken; or
- (d) require the Tenant to take any Remedial Action which any Authority requires be taken with regard to Additional Pollution including Remedial Action which must be taken immediately where an emergency exists and any Authority requires Remedial Action to be taken immediately;

and the Tenant must permit the Landlord, its employees and agents including the Consultant to have that access to the Lands and Premises which is reasonably necessary to enable the Landlord to comply with the requirements of any Authority and to take Remedial Action. After request by the Tenant, the Landlord must provide the Tenant free of charge with a copy of the results of the Further Audit. The Tenant within 10 days after demand by the Landlord must pay the Landlord the amount which is equal to the actual costs to the Landlord of a Further Audit performed under this Section 8.5 and of any Remedial Action which any Authority required the Landlord to take to the extent that the Further Audit confirmed Additional Pollution or the Remedial Action was in respect of Additional Pollution.

8.6 Landlord's Rights Regarding Existing Pollution. If during the Term, the Landlord is required by any Authority to take Remedial Action regarding the Existing Pollution the Landlord, its employees and agents may enter the Lands and Premises and at the Landlord's expense may:

- (a) perform any audits, investigations and surveys any Authority considers necessary to determine better the nature and extent of the Existing Pollution and the necessary Remedial Action; and
- (b) take any Remedial Action any Authority requires be taken and the Tenant must permit the Landlord, its employees and agents including the Consultant to have that access to the Lands and Premises which is reasonably necessary in the opinion of the Landlord to enable the Landlord to comply with the requirements of any Authority and to take Remedial Action.

8.7 Further Audit and Cost of Remedial Action. Not less than 90 days before expiry of the Term or promptly after the sooner termination of this Lease the Landlord shall cause the Consultant to perform a Further Audit. As part of the Further Audit the Consultant must be instructed to provide:

- (a) a detailed estimate of the cost of Remedial Action to remediate the Lands and Premises which were attributable to any Additional Pollution; and
- (b) a program of Remedial Action necessary to remediate any Additional Pollution. The Tenant at its cost, shall be required to undertake immediately and complete without delay the program of Remedial Action and failing which the Landlord may remediate any Additional Pollution in accordance with that program of Remedial Action and the Tenant shall within 10 days after demand by the Landlord pay the Landlord the amount which is equal to the actual cost to the Landlord of a Further Audit performed and if the Landlord remediates, pay to the Landlord the costs of any Remedial Action carried out pursuant to this subsection in respect of the Additional Pollution.

9.0 COMPLEMENTARY FACILITIES LICENCE

9.1 Use of Complementary Facilities. The Tenant, its directors, officers, employees, invitees and licensees in common with others designated by the Landlord or otherwise entitled shall during the Term of this Lease have the use and benefit of the Complementary Facilities for the purposes from time to time permitted, approved or designated by the Landlord, subject to the reasonable management and control of the Complementary Facilities by the Landlord provided that such rules and regulations that the Landlord may establish, specify and enforce and the management and control of the Campus and the Complementary Facilities shall at all times be consistent with the terms of this Lease, the use permitted of the Lands and Premises under this Lease and the requirements of the Tenant and its Subtenants to obtain access to, egress from and the supply of services to the Lands and Premises. The Landlord shall maintain the roads, sidewalks, utilities and other Complementary Facilities required for the access and egress to and from the Lands and Premises and the supply of services and utilities in good order and repair. It is also understood and agreed that:

- (a) access to the Lands and Premises is by dedicated provincial roads;
- (b) there are no Complementary Facilities that are required to permit the Tenant to use the Lands and Premises for the Permitted Activities; and
- (c) there are no Complementary Facilities situate on the Lands.

9.2 Management and Control of Campus. The Landlord has the exclusive right to manage and control the Campus including the Complementary Facilities, the Lands and Premises and other premises leased to other tenants, and from time to time the Landlord may establish, specify and enforce rules and regulations regarding the use, maintenance and operation of the Campus and Complementary Facilities and the activities of tenants and others conducted thereon and the rules and regulations in all respects to be observed and performed by the Tenant, its officers, employees and other invitees. Without limitation the Landlord has the right in the management and control of the Campus and Complementary Facilities to:

- (a) supervise and police the Campus and Complementary Facilities that are located on the Campus, excluding the Lands and Premises, and provide such security measures and patrols as the Landlord deems reasonably necessary;
- (b) close off all or any part of the Campus or such Complementary Facilities at such times as in the opinion of the Landlord are advisable;

- (c) convey, modify and terminate licences, easements or other rights pertaining to the use of all or any part of the Campus or such Complementary Facilities, except in accordance with the Landlord's obligations as set out in Section 2.2 herein;
- (d) close off all or part of the Campus or such Complementary Facilities for maintenance, repair, construction or development;
- (e) employ such persons required for the management and control of the Campus and security thereon as the Landlord may from time to time deem advisable;
- (f) designate the entrances, roadways, parking areas and times when and where vehicles and pedestrians may use such Complementary Facilities or the Campus;
- (g) change from time to time the area, level, location, arrangement or use of any part or parts of such Complementary Facilities or Campus but not so as to permanently materially interfere with access to the Lands and Premises;

provided that such rules and regulations that the Landlord may establish, specify and enforce and the management and control of the Campus and the Complementary Facilities shall at all times be consistent with the terms of this Lease, the use permitted of the Lands and Premises under this Lease and the requirements of the Tenant and its Subtenants to obtain access to, egress from and the supply of services to the Lands and Premises. The Landlord shall maintain the roads, sidewalks, utilities and other Complementary Facilities required for the access and egress to and from the Lands and Premises and the supply of services and utilities in good order and repair.

9.3 **Trespassing Vehicles.** Should the Tenant, its officers or employees, park vehicles in areas outside the boundaries of the Lands and Premises not allocated for that purpose, the Landlord shall have the right to remove the trespassing vehicles and the Tenant shall indemnify and save harmless the Landlord from any costs, claims, damage, liability and expense from any claims by third parties arising out of the trespass or removal of trespassing vehicles.

9.4 **Parking Charges.** The Landlord reserves the right to impose reasonable charges for the use of parking areas and facilities on or in the Complementary Facilities.

9.5 **Alterations or Addition to Complementary Facilities.** The Tenant covenants that nothing contained in this Lease shall be construed so as to prevent the Landlord from varying or altering the location or size of the Complementary Facilities including parking areas, driveways and sidewalks from time to time or from erecting additional buildings or extending buildings and without limiting the foregoing, the Landlord shall have the unrestricted right to construct additional buildings from time to time on the Campus and Complementary Facilities, add or change any building, or may alter the ingress and egress to the Campus or the Lands and Premises, change the loading or unloading facilities and service entrances from time to time without in any way being responsible to the Tenant, provided only that the Landlord shall at all times provide reasonable access to the Lands and Premises for the Tenant, its directors, officers, employees, licensees and invitees, the supply of utilities and services to the Lands and Premises and the Landlord shall bear any additional costs of the Tenant caused by such change and the Landlord shall use its best endeavours to cause the least disruption in the operation of the Lands and Premises. Subject to the foregoing, the Landlord may transfer or

dispose of portions of the Campus or dedicate or transfer to government authorities, lands for road widening and other purposes, and when and so often as the Landlord shall dispose or transfer or dedicate any portion of the Campus, then the reference herein to "**Campus**" shall mean and refer to the portion of the Campus remaining after such transfer, disposition or dedication together with any land which may be acquired by the Landlord.

10.0 UTILITIES AND OTHER COSTS

10.1 Utilities and Other Costs The Tenant shall pay promptly as the same become due and indemnify the Landlord against:

- (a) all rates for electricity, gas, scavenging, sewage, telephone, water and other utilities and services used upon or furnished to the Lands and Premises during the Term;
- (b) all costs of all maintenance, repairs and replacements to the Lands and Premises except as provided in Article 12.0, and except for such costs as are caused or contributed to by the Landlord or those for whom the Landlord is responsible in law;
- (c) every cost with respect to the provision of security services requested by the Tenant from the Landlord, including patrols for the Lands and Premises.

10.2 Utilities and Services. The Landlord will supply water, natural gas, electrical, telecommunication services, sanitary sewer and storm sewer to the Lands and Premises and the Tenant agrees to accept such services from the suppliers which are designated by the Landlord from time to time. To the extent that the Landlord provides these utilities and services, and any and all other maintenance, repairs, security and other services necessary for the operation of the Lands and Premises, the Tenant shall pay as additional Rent the Landlord's reasonable charges therefor, such payments to be made as accounts are rendered by the Landlord or its agents from time to time or as the Landlord shall otherwise direct, without duplication, and provided that the charge of the Landlord for such supply, maintenance, repairs, security and other services shall be comparable to the cost that the Tenant would have incurred with respect to the same if the Lands and Premises were situate within the City of Vancouver and provided further that the quality of all such services is comparable to the quality of such services available to consumers in the City of Vancouver.

10.3 Utility Rates. In respect of utility rates and charges, these will be levied at the same rate as assessed against other non-university tenants on the Campus, or as may be otherwise agreed to between the Landlord and the Tenant.

10.4 Provision of Services. Subject always to this Article 10.0, the Tenant may provide services normally provided by the Landlord to its tenants provided such services are supplied in a manner consistent with the Landlord's standards.

10.5 Utility Failure. The Landlord shall not be liable to the Tenant for any cost, claim, expense or liability of the Tenant arising from the failure of the Landlord, its servants, agents or contractors to supply any of the utilities or services herein referred to. If the supply of utilities or services is interrupted to the Premises, the Landlord agrees that it will not resupply such utilities or services to any other non-essential university building serviced by the same line as the Premises, without also resupplying the Premises.

10.6 Maintenance of Internal Roads. The Tenant agrees to maintain any necessary sidewalks, street lighting, roads and parking areas situate upon the Lands and Premises.

10.7 Failure to Comply In the event that the Tenant fails to comply with the covenants contained in Section 10.1, 10.2 or 10.6, the Tenant shall be in default as defined in Section 18.1 hereof.

11.0 REPAIRS AND MAINTENANCE

11.1 The Tenant covenants with the Landlord that:

- (a) Premises. The Tenant shall at all times during the Term repair, maintain and keep the Lands and Premises and all landscaping, sidewalks, street lighting, roads, parking areas, equipment and fixtures, within the Lands and Premises, including without limitation, exterior and interior doors, walls, the roof, structure, windows, glass, partitions, heating, ventilating, air-conditioning, plumbing and electrical equipment and equipment and fixtures located on the Lands and Premises in a good and substantial state of repair, normal wear and tear excluded, and the Tenant covenants to perform such maintenance, to effect such repairs and replacements and to decorate at its own cost and expense as and when necessary or reasonably required by the Landlord to do so, excluding normal wear and tear.
- (b) Examination. The Landlord and any employee, servant or agent of the Landlord shall be entitled at any reasonable time during normal business hours and during any emergency, from time to time, to enter and examine the state of maintenance, repair, decoration and order of the Lands and Premises, all equipment and fixtures within the Lands and Premises and any improvements now or hereafter made to the Lands and Premises, and the Landlord may give notice to the Tenant requiring that the Tenant perform such maintenance or effect such repairs, replacements or decorations as may be found necessary from such examination, normal wear and tear excluded. The failure of the Landlord to give such notice shall not however relieve the Tenant from its obligation to maintain, repair, decorate and keep the Lands and Premises and appurtenances in good order and repair as aforesaid and to make replacements as may be necessary.
- (c) Cost. The Tenant shall, when necessary, and whether upon receipt of notice from the Landlord or not, effect and pay for such maintenance, repairs, replacements or decoration as may be the responsibility of the Tenant. If the Tenant fails to comply with the Landlord's request to effect repairs, replacement or maintenance within a reasonable time as provided by the Landlord, then the Landlord may cause such repairs, replacements or maintenance to be undertaken at the cost of the Tenant, such cost to be paid by the Tenant immediately upon notification thereof and recoverable by the Landlord as Rent.
- (d) Damage Caused by Negligence. If part of the Lands and Premises, Campus or the Complementary Facility is damaged or destroyed through negligence of the Tenant or those for whom it is responsible in law, the Tenant shall reimburse the Landlord for the cost of repairs or replacements immediately upon demand.

- (e) Repairs to Conform to Codes. All repairs, replacements maintenance or construction undertaken by the Tenant shall be done in accordance with the Land Use Rules, UBC's Rules and Regulations and all applicable laws, codes, rules and regulations and in a good and workmanlike manner.

12.0 DAMAGE OR DESTRUCTION

12.1 Blocked Access. If there is damage to the Lands and Premises or damage to the Campus or Complementary Facilities, which prevents access to the Lands and Premises or the supply of service essential to the Lands and Premises, and if the damage is such that the Premises or a substantial part of the Premises is rendered not reasonably capable of use by the Tenant for the purposes contemplated herein for a period of time exceeding 30 days, then the rent payable hereunder for the period beginning at the date of occurrence of the damage until at least a substantial part of the Premises is again reasonably capable of use and occupancy for the purpose aforesaid, will abate in the proportion that the area of the Premises rendered not reasonably capable of use by the Tenant bears to the whole of the Premises, and such abatement shall be credited immediately against the Rent payable hereunder.

12.2 Termination. The Landlord or the Tenant by written notice to the other given within 120 days of the occurrence of damage to the Lands and Premises or the Campus may terminate this Lease:

- (a) if the Campus or Complementary Facilities are damaged by any cause and such damage prevents access to the Lands and Premises or the supply of services essential to the Lands and Premises and either cannot be repaired or rebuilt with reasonable diligence within one year after the occurrence of the damage provided that if the Premises are not damaged so as to permit the Tenant to terminate this Lease under subsection 12.2(b), then the Tenant may affirm this Lease (which right shall have precedence over the Landlord's right to cancel this Lease) within such 120-day period, whereupon neither the Landlord nor the Tenant may terminate this Lease and the Landlord and the Tenant shall cooperate to provide such access, egress and the supply of such services as may be reasonably necessary to permit the Tenant and its Subtenants to occupy and use the Lands and Premises; or
- (b) if the Premises are damaged by any cause and the damage is such that the Premises or a substantial part of the Premises are rendered not reasonably capable of use by the Tenant for its operations in the Premises and cannot be repaired or rebuilt with reasonable diligence within two years after the occurrence of the damage.

12.3 Reconstruction. If this Lease is not terminated pursuant to Section 12.2, provided that the damage was caused by a hazard against which the Tenant was required to insure in accordance with the terms of this Lease and such insurance proceeds would be sufficient for rebuilding, and provided that all necessary access, egress and the supply of such services have been provided to the Lands and Premises, or shall be prior to the completion of such rebuilding, as may be reasonably necessary to permit the Tenant and its Subtenants to occupy and use the Lands and Premises in accordance with the terms of this Lease, then the Tenant covenants to commence the reconstruction of the Premises at its sole cost within two years of the date of destruction upon plans to be approved by the Landlord as aforesaid, and to complete such reconstruction and rebuilding with all due dispatch. If the Tenant is not required to reconstruct the Premises and elects not to do so, then the Tenant by notice to the Landlord to

that effect, may terminate this Lease, subject to the written consent of the Tenant's Mortgagee; provided however, if the Tenant has not made such election and so terminated this Lease within 12 months of the occurrence of damage to the Lands and Premises, then the Landlord may terminate this Lease by notice to the Tenant to that effect, subject to the written consent of the Tenant's Mortgagee. If the Tenant decides to reconstruct the Premises even though it is not required to do so pursuant to this Section 12.3, then the Tenant shall give notice to the Landlord that it will reconstruct the Premises in accordance with the terms of this Lease, subject to any delays due to lack of access, egress, or supply of services to the Lands and Premises.

12.4 Arbitration. If the Premises, the Complementary Facilities or the Campus are damaged and the parties disagree as to whether the Premises, the Complementary Facilities or the Campus can be repaired or rebuilt within the time periods set out in subsection 12.2(a) or 12.2(b) or as to whether the Premises or the substantial part of the Premises are rendered not reasonably capable of use by the Tenant for its operations in the Premises for its purposes the issue in dispute shall be referred to arbitration in accordance with Section 25.7 herein.

13.0 INDEMNITY AND LIABILITY

13.1 Indemnity. Unless the Landlord or its servants or agents are negligent or willfully in default, the Tenant indemnifies the Landlord and saves it harmless from and against any and all claims, actions, damages, liability and expenses in connection with the loss of life, personal injury or damage to property arising from any act on the Lands and Premises or the occupancy or use of the Lands and Premises or occasioned wholly or in part by an act or omission of the Tenant, its officers, employees, agents, contractors or other invitees, licensees or by any one permitted by the Tenant to be on the Lands and Premises. In case the Landlord, without actual (as opposed to merely vicarious) fault on its part, is made party to litigation begun by or against the Tenant, excepting a bona fide action by the Tenant against the Landlord, the Tenant will protect and hold the Landlord harmless and will pay the costs, expenses and reasonable legal fees on an indemnity basis incurred or paid by the Landlord in connection with the litigation. The Tenant will also pay all costs, expenses and reasonable legal fees on an indemnity basis incurred by the Landlord in enforcing this Lease provided the Landlord's contention or position is upheld by the court or an arbitrator. It is understood and agreed that all references to Landlord in this section shall be read and construed as being references to the Landlord in its capacity as the owner of the Lands and also in its capacity as the Municipal Authority Having Jurisdiction.

13.2 Liability. Unless the Landlord or its servants or agents are negligent or in default, the Landlord is not liable for:

- (a) the death of or injury to the Tenant or those for whom it is responsible in law, or for the loss of or damage to property of the Tenant or others by theft or otherwise or for consequential damage or loss of profits or for any other costs, losses, damages of whatsoever kind. Without limiting the generality of the foregoing, the Landlord is not liable for death, injury, loss or damage of or to any party or persons or property of such party or person resulting from fire, explosion, falling plaster, steam, gas, electricity, water, rain or snow or leaks from any part of the Campus or from the pipes, appliances or plumbing works or from the roof, street or subsurface or from any other place or by dampness or by other cause of any kind; and
- (b) death, injury, loss or damage caused by the Landlord's faculty, staff, students, other occupants or other persons on the Lands and Premises or in any other part of the Campus or resulting from construction, alteration or repair to any part of

the Campus. All property of the Tenant kept or stored on the Lands and Premises will be kept or stored at the risk of the Tenant only and the Tenant will hold the Landlord harmless from all claims arising out of damages to it, death or injury as enumerated above including subrogation claims by the Tenant's insurers.

It is understood and agreed that all references to Landlord in this section shall be read and construed as being references to the Landlord in its capacity as the owner of the Lands and also in its capacity as the Municipal Authority Having Jurisdiction.

13.3 Survival of Indemnity. Maintenance of the insurance described in Sections 14.1 and 14.4, and the performance by the Tenant of its obligations under such sections shall not relieve the Tenant of liability under the indemnity provisions set forth in Sections 13.1 and 13.2 and this indemnity shall survive the expiry or sooner termination of this Lease.

14.0 INSURANCE

14.1 All Risk Coverage. The Tenant, without expense to the Landlord, shall obtain and keep in force or cause to be obtained and kept in force throughout the Term All Risk property insurance, including coverage for floods and earthquakes, and such other coverage as the Landlord may reasonably require, on all buildings, improvements and equipment located on the Lands and Premises. The amount of such insurance shall be the full replacement value of all such buildings, improvements, equipment, landscaping, sidewalks, street lighting, roads and parking areas. Without limiting the generality of the foregoing, the Tenant waives as against the Landlord, and those for whom it is responsible in law, each claim and demand of every nature whatsoever for damage, loss or injury to such buildings, improvements and equipment, landscaping, sidewalks, street lighting, roads and parking areas and to property of the Tenant and each Subtenant in, upon or about the Lands and Premises which shall be caused by or result from fire or other perils, events or happenings which ought to have been covered by insurance pursuant to this section whether or not such claim or demand is covered by insurance.

14.2 Full Replacement Value. For the purposes of Section 14.1 "full replacement value" of any building, improvements or equipment, landscaping, sidewalks, street lighting, roads and parking areas shall be determined by the Tenant at the time the insurance is initially taken out and thereafter at least once every 12 months, and the Tenant shall promptly notify the Landlord in writing of each such determination, provided that the Landlord may at any time, by written notice to the Tenant, require the full replacement value of any building, improvement, equipment, landscaping, sidewalk, street lighting, road or parking area to be redetermined by an independent qualified valuator designated by the insurer's agent. Such redetermination shall be made promptly and the results thereof communicated in writing to the Tenant and the Landlord.

14.3 Respective Interests. The policies of insurance provided for in Section 14.1 shall name the Landlord as an insured and shall be payable to the Landlord, the Tenant and the Tenant's Mortgagee, as their respective interests may appear, and any loss adjustment shall require the written consent of each of them with an interest therein. The parties hereto agree that the proceeds paid by any such insurer shall be applied to reconstruct the Premises, landscaping, sidewalks, street lighting, roads and parking areas and the Landlord, the Tenant and the Tenant's Mortgagee shall take all such actions to ensure that such funds are so applied; provided however, that if the Tenant is not required to commence and complete reconstruction of the Premises in accordance with Section 12.3 and elects not to do so, or if this Lease is

terminated pursuant to either subsection 12.2(a) or 12.2(b) or Section 12.3, the proceeds from the insurance shall be applied, in priority, as follows:

- (a) first, towards payment of all moneys owing on the Tenant's Mortgagee's mortgage (including without limitation, any yield maintenance fee or similar amount);
- (b) second, but only if and to the extent required by the Landlord or the Tenant, toward clearing and restoring the Lands as nearly as possible to their condition prior to the commencement of construction;
- (c) third, towards payment of all moneys payable to the Landlord under this Lease; and
- (d) fourth, in payment to the Landlord and the Tenant in accordance with their interests therein,

and upon such application of the insurance proceeds, if this Lease has been terminated, then this Lease shall be of no further force or effect, or if this Lease has not been terminated, then the Tenant shall not be obligated to repair or rebuild or restore.

14.4 Liability Insurance. Throughout the Term the Tenant shall obtain and keep in force, and cause each Subtenant to obtain and keep in force general liability insurance fully insuring against liability of the Tenant and each Subtenant with respect to the Lands and Premises or arising out of the maintenance, use or occupation thereof. Such policy shall be in an amount of not less than \$5 Million per occurrence at the commencement of the Term, and thereafter in such amounts as the Landlord may reasonably require. The general liability policy shall name the Landlord, its Board of Governors, employees, servants and agents as additional insureds, and shall include a cross liability clause and broad form coverage for contractual liability. Such insurance shall be primary in respect of all claims arising out of this Agreement and shall not participate with nor be excess over any valid and collectable insurance carried by the Landlord. The Tenant shall obtain and keep in force, and cause each Subtenant to obtain and keep in force, liability insurance for all motor vehicles, owned and non-owned, operated on the Campus and such other types of insurance as the Landlord may reasonably require.

14.5 Approval. All of the insurance provided for in Section 14.1 and 14.4 and all renewals thereof shall be issued by such reputable and duly qualified insurers and in such form and substance as are approved by the Landlord, such approval not to be unreasonably withheld. All policies provided for in Sections 14.1 and 14.4 shall expressly provide that the policy shall not be cancelled or altered without 60 days' prior written notice to the Landlord, the Tenant, and that all rights of subrogation against the Landlord are waived. Upon the issue and each renewal thereof, each policy or a certified duplicate thereof or other satisfactory evidence of adequate insurance shall be delivered to the Landlord. Proof of payment of premiums for insurance shall also be delivered to the Landlord if requested.

15.0 ASSIGNMENT, SUBLETTING AND MORTGAGING

15.1 Assignment

- (a) The Tenant shall not sell, assign or transfer or part with possession of this Lease or any portion of the Term or the Lands and Premises or any interest therein, provided however the Tenant may grant Subleases pursuant to Sections 15.2,

15.3 and 15.4 and the Tenant may mortgage this Lease by sublease or assignment pursuant to Section 15.5.

- (b) Neither this Lease nor any Sublease nor the leasehold estate of the Tenant or any Subtenant in the Lands and Premises or any portion of the Lands and Premises shall be subject to involuntary assignment, transfer or sale, or to assignment, transfer or sale by operation of law in any manner whatsoever (except as expressly contemplated in Article 16.0), and any such attempted or purported involuntary assignment, transfer or sale shall be ineffective as against the Landlord.

15.2 Subleases. The Tenant may seek Subtenants for the Premises and may enter into written Subleases and agreements to grant Subleases, with the consent of the Landlord, such consent not to be unreasonably withheld. If the Landlord so requests, the Tenant shall provide to the Landlord, within 14 days of the request, an executed copy of every Sublease and agreement to part with possession of a self-contained dwelling unit in the Premises to which the Tenant is a party.

15.3 Limitation on Subleases. No Sublease or agreement to grant any Sublease shall grant rights to a Subtenant beyond the scope of this Lease except as provided in Section 15.10 and except with respect to mortgages by way of sublease granted to the Tenant's Mortgagee and a Subtenant shall have no rights to the Lands and Premises except under this Lease.

15.4 Requirements of Sublease. Each Sublease shall contain such reasonable terms and conditions as either the Tenant or the Landlord shall suggest from time to time. The Tenant agrees to provide to the Landlord from time to time a copy of the form of Sublease then in use by the Tenant and to notify the Landlord in writing of changes which are made to such form from time to time.

15.5 Tenant May Mortgage. The Tenant may assign or sublet by way of mortgage its interest in this Lease to an Approved Lender without the consent of the Landlord, but may not mortgage such interest to any Person other than an Approved Lender without the prior written consent of the Landlord, which consent shall not be unreasonably withheld or delayed. All moneys borrowed and secured by a mortgage of the Tenant's interest in this Lease shall be used by the Tenant to pay the Minimum Rent or to reimburse the Tenant in connection with payment of the Minimum Rent, for work to be done on or off the Lands and Premises relating to this Lease, for tenant inducements to Subtenants, and/or for the payment of other obligations of the Tenant arising pursuant to this Lease. The Tenant shall advise the Landlord of the Tenant's intention to raise funds and secure the same by a mortgage of its interest in this Lease from time to time, as soon as possible after the Tenant determines to do so, and shall endeavour to give the Landlord 90 days' notice of such new financing prior to granting a mortgage of the Tenant's interest in this Lease.

15.6 No Release. INTENTIONALLY DELETED

15.7 Deliver Certificates. INTENTIONALLY DELETED

15.8 Landlord May Terminate Subleases. INTENTIONALLY DELETED

15.9 Extinguishment of Subleases. Subject to Section 15.10, upon termination, forfeiture or acceptance of surrender of this Lease as to all or any portion of the Lands prior to the expiry of the Term, all Subleases and other interests created by the Tenant in respect of

such portion of the Lands and the rights of all persons claiming thereunder shall be extinguished.

15.10 Preservation of Subleases. Notwithstanding Section 15.9, upon the termination, forfeiture or acceptance of surrender of this Lease as to any Subleased Lands prior to the expiry of the Term, the Landlord shall recognize the rights and tenure of each Subtenant not then in default under its Sublease and shall grant quiet enjoyment of the Subleased Lands to the Subtenant for the balance of the term of its Sublease (but not beyond the final date of the Term), and shall observe and perform the covenants and obligations of the Tenant under the Sublease, all provided that, and as long as, the Subtenant:

- (a) pays to the Landlord the rent and any other moneys as provided in the Sublease as and when due under such Sublease;
- (b) attorns to the Landlord as tenant in respect of such Subleased Lands;
- (c) observes and performs each covenant, term and condition on its part to be observed and performed under the Sublease;
- (d) agrees in written form prescribed by the Landlord, acting reasonably, and prepared at the expense of the Subtenant that the Landlord shall be entitled to exercise each of the rights that the Tenant had under the Sublease;
- (e) executes and delivers all documents which the Landlord shall require to give effect to this Section 15.10;

and without limiting any other right of the Landlord, as to each Subtenant recognized by the Landlord, whether in conformity with the foregoing subsections or not, the liability under this Lease to the Landlord of the Tenant (including that under Articles 13.0 and 14.0) with respect to the Subleased Lands in favour of that Subtenant shall continue uninterrupted and in full force.

15.11 Landlord's Acknowledgment. Provided that a Sublease complies with the requirements of Section 15.4, the Landlord agrees that within 30 days after written request by any Subtenant, the Landlord will execute and deliver to that Subtenant a written acknowledgment whereby the Landlord agrees that Subtenant and its Sublease shall have the rights and protections provided under Section 15.10 of this Lease and that the Sublease complies with the requirements of Section 15.4 of this Lease.

16.0 RIGHTS OF TENANT'S MORTGAGEES

16.1 Cure Defaults. No termination of this Lease, or the exercise of its right of distress by the Landlord shall be valid or effective against the Tenant's Mortgagee who has filed with the Landlord a copy of its mortgage together with a written notice specifying an address for notices to be given to such Tenant's Mortgagee hereunder, unless the Landlord has first given to the Tenant's Mortgagee the same amount of notice of the default or situation which would entitle the Landlord to terminate this Lease and such default or situation has not been corrected within such time. The latter notice shall specify the nature of that default or situation and state the Landlord's intention to take such action. The Landlord shall not object to the Tenant's Mortgagee, prior to the expiry of the notice period, taking whatever reasonable steps it wishes to take to cure such default or rectify the situation. If the default cannot reasonably be cured or the situation cannot reasonably be rectified within such period and the Tenant's Mortgagee so notifies the Landlord, and advises the Landlord in writing that it will cure the default or the rectification of the situation as soon as reasonably possible, the Landlord agrees not to take the

action specified in its notice. The exercise of such rights shall not relieve the Tenant of its obligations under this Lease. The Tenant's Mortgagee shall be given reasonable access to the Lands and Premises to cure any default by the Tenant.

16.2 Proceedings. If a Tenant's Mortgagee commences foreclosure or other realization proceedings under its mortgage (the "**Proceedings**") in respect of the Lease, the Landlord shall not, as against that Tenant's Mortgagee, terminate the Lease to which the Proceedings relate while the Proceedings are continuing on the ground of any default or situation entitling the Landlord to do so, if the Tenant's Mortgagee:

- (a) shall first have given to the Landlord notice of its mortgage, the Proceedings, and an address for service of notices hereunder;
- (b) actively prosecutes the Proceedings;
- (c) except for Non-Curable Defaults, cures any default in accordance with notice given under Section 16.1 or proceeds to complete the cure of any default which cannot reasonably be cured in accordance with the period specified in the notice given under Section 16.1; and
- (d) performs and observes all of the Tenant's covenants and agreements in the Lease other than those which are the subject of a Non-Curable Default.

A "**Non-Curable Default**" means the happening of any of the events described in Section 18.2 or any other non-financial default or circumstance which is of a nature which is not reasonably capable of being cured or remedied by the Tenant's Mortgagee.

16.3 Non-Curable Default. If this Lease is subject to termination by reason of a Non-Curable Default and the Tenant's Mortgagee has filed with the Landlord a copy of its mortgage together with a written notice specifying an address for notices to be given to the Tenant's Mortgagee, then no termination of this Lease by the Landlord by reason of a Non-Curable Default, shall be valid or effective against the Tenant's Mortgagee if the Tenant's Mortgagee:

- (a) commences Proceedings in respect of this Lease and diligently prosecutes the Proceedings;
- (b) as part of the Proceedings, applies to a Court of competent jurisdiction for the appointment of a receiver of the leasehold interest charged by the Tenant's Mortgagee's mortgage.
- (c) except for any Non-Curable Default, cures any default in accordance with notice given under Section 16.1 or proceeds to complete the cure of any such default which cannot reasonably be cured in accordance with the period specified in the notice given under Section 16.1; and
- (d) performs and observes all of the Tenant's covenants and agreements in this Lease other than those which are the subject of a Non-Curable Default.

16.4 Attornment. If and when the Tenant's Mortgagee acquires the leasehold interest of the Tenant pursuant to the Proceedings, then the Tenant's Mortgagee may continue in possession as tenant for the balance of the term of this Lease then remaining, provided that the

Tenant's Mortgagee first attorns as tenant to the Landlord and undertakes to be bound by and to perform the covenants and agreements of the Tenant under this Lease until the earlier of:

- (a) the expiration of the term of this Lease; or
- (b) the date on which the Tenant's Mortgagee assigns this Lease as permitted by it or as is otherwise agreed by the Landlord.

16.5 New Lease. If the Tenant's Mortgagee complies with the provisions of Section 16.2 or 16.3 and acquires the leasehold interest of the Tenant pursuant to the Proceedings or the leasehold interest of the Tenant is sold pursuant to the Proceedings to an assignee permitted by this Lease or as is otherwise agreed by the Landlord or this Lease is terminated as against the Tenant for default, then the Landlord shall, upon written request by the Tenant's Mortgagee within 90 days after such acquisition or sale, grant to the Tenant's Mortgagee or such assignee a new lease on the terms of this Lease.

16.6 Right to Assign. The Tenant's Mortgagee shall have the right to assign this Lease and the remaining term of it, subject to obtaining the prior written consent of the Landlord, such consent not to be unreasonably withheld or delayed, provided always that:

- (a) the Tenant's Mortgagee, a subsequent purchaser or assignee having cured all defaults under this Lease, except for Non-Curable Defaults, pursuant to Section 16.1 of this Lease, may sell, assign or sublet without restriction, prohibition or consent; and
- (b) the assignee covenants with the Landlord to observe and perform all of the covenants and obligations of the Tenant under this Lease, whereupon the Tenant's Mortgagee shall be released from liability for any obligations arising from and after the date of the assignment.

16.7 Landlord's Agreement. The Landlord and the Tenant agree to enter into an agreement with each Tenant's Mortgagee substantially in the form attached as Schedule "A", provided that the Landlord is indemnified by the Tenant or the Tenant's Mortgagee in respect of the costs it incurs in the preparation and execution of such agreement and also provided that if the loan made by the Tenant to the Tenant's Mortgagee is insured by Canada Mortgage and Housing Corporation ("**CMHC**"), the Landlord and the Tenant agree to enter into an agreement with each Tenant's Mortgagee substantially in the form attached as Schedule "B".

16.8 Valid Termination. Intentionally deleted.

16.9 No Release. No entry by a Tenant's Mortgagee pursuant to this Article 16.0 upon the Lands and Premises for the purpose of curing any default of the Tenant shall release or impair the continuing obligations of the Tenant.

16.10 Recognition of Sublease Mortgagee. If the Landlord is required to recognize the rights and tenure of a Subtenant pursuant to Section 15.10, the Landlord shall continue to recognize the rights of a Sublease Mortgagee of that Subtenant as set forth in this Article 16.0.

16.11 Priority between Tenant's Mortgagees. If there is more than one mortgage charging the leasehold interest of the Tenant, the right of a Tenant's Mortgagee to cure any default or contingency and to obtain the protections and rights under this Article 16.0 shall be based on the respective priorities of such mortgages.

16.12 Applicability of Article 16.0 to a Sublease Mortgagee. This Article 16.0 and Section 15.5 shall apply mutatis mutandis to any Approved Lender to any Subtenant. All references to Tenant's Mortgagee shall be read as references to Sublease Mortgagee, references to this Lease as references to the Sublease, references to Landlord as references to the Tenant and references to Tenant as references to Subtenant.

16.13 Landlord's Right to Pay Out Tenant's Mortgagee. The Landlord shall have the right but not the obligation after the Tenant's Mortgagee has accelerated the balance due and owing on its mortgage, to pay to the Tenant's Mortgagee all amounts owing on its mortgage (including, without limitation, any yield maintenance fee or similar amount) and in such event the Tenant's Mortgagee shall assign to the Landlord the mortgage and all other security which the Tenant's Mortgagee holds as security for its loan to the Tenant and the Landlord shall then be entitled to take possession of the Lands and Premises in accordance with the rights of the Mortgagee, subject to the Subleases.

17.0 SPECIAL RIGHTS OF THE LANDLORD

17.1 Entry. If the Landlord wishes to enter or to permit the City of Vancouver, the Province of British Columbia, or other governmental bodies, public utilities or other persons having legal right to do so, to enter upon the Lands and Premises for the purposes of installing underground water, oil, gas, steam, storm sewer, sanitary sewer and other pipelines and conduits or to grant or obtain an easement or right of way therefor, the Landlord shall apply in writing for the consent of the Tenant specifying the reason for entry or the nature and extent of such easement or right of way. The Tenant shall not unreasonably withhold its consent and shall use all reasonable efforts to obtain its Lender's consent to such entry or to such easement or right of way. If the Tenant reasonably denies the Landlord's request for such easement or right of way the Tenant shall specify and consent to a reasonable alternative easement or right of way. No activity conducted pursuant to this section shall interfere with the use of the Lands and Premises for the Permitted Activities or the stability of any building or improvement constructed on the Lands and Premises.

17.2 Reservation of Oil. The Landlord expressly reserves all oil, gas, hydrocarbons and other minerals of every type whatsoever in and under the Lands and Premises and the right to enter by its servants, agents and licensees upon the Lands and Premises to conduct the activities of exploring for, mining, extracting and removing the same without payment therefor to the Tenant. Prior to such entry the Landlord shall give the Tenant written notice describing in reasonable detail the activities which the Landlord proposes to undertake. No activity conducted pursuant to this section shall interfere with the use of the Lands and Premises for the Permitted Activities, the stability of any building or improvement constructed on the Lands and Premises. No operation for such exploration, mining, extraction or removal will be conducted on or from the Lands and Premises unless it is at a depth beneath the surface as will ensure no interference with the use of the Lands and Premises as agreed herein or the stability of any building or improvement constructed on the Lands and Premises.

17.3 Landlord May Mortgage. The Landlord expressly reserves the right to mortgage its interest in the Lands and to mortgage its rights under this Lease provided that such mortgage is expressly subject to this Lease. The Landlord shall reimburse the Tenant for, and indemnify the Tenant against, any loss, cost (including reasonable legal costs) or damages actually suffered or incurred by the Tenant as a result of or arising out of the exercise by the Landlord of any of the rights reserved in this Section 17.3.

17.4 Easements. If during the Term the Landlord reasonably requires an easement for utilities and facilities or systems on or under the Lands and Premises or the expansion of any such easement, the Tenant shall consent to and shall use all reasonable efforts to obtain its lender's consent to the grant of such easement provided the same does not interfere with the Tenant's or Subtenants use or occupation of the Lands and Premises. In the event the Tenant, being required to do so, does not wish to grant an easement, the Tenant shall pay the Landlord the sum equal to the cost of constructing and relocating the utilities, facilities and systems through an alternate route less the estimated cost for the proposed installation or expansion of such utilities, facilities and systems that would have been incurred had the same not been relocated. The Landlord may enter the Lands and Premises alongside the easement as may be reasonably necessary to maintain and replace the works within the easement. The Landlord covenants that any and all damage to the Lands and Premises occasioned by its entry for the purposes aforesaid, shall be replaced and/or repaired to at least the same condition the said Lands and Premises were at the time of entry.

18.0 DEFAULT, TERMINATION AND EXPIRY

18.1 Default. If the Tenant:

- (a) fails or neglects to make any payment due to the Landlord, in accordance with the terms of this Lease, within 30 days after the Landlord gives the Tenant written notice that the payment is overdue; or
- (b) abandons the Premises or fails or neglects to cure any default of any of the other terms, covenants, agreements, or conditions herein on its part to be observed, kept or performed, within 60 days after the Landlord gives to the Tenant written notice of such default, or if a longer period is required to cure the same, within such 60-day period the Tenant has commenced to cure such default and continues diligently thereafter to cure such default;

then in such event the Landlord may, subject to Article 16.0, by written notice to the Tenant forthwith terminate this Lease. Such right to terminate this Lease shall be in addition to any additional rights that exist through the failure of the Tenant to comply with any other covenant or condition herein.

18.2 Bankruptcy and Other Circumstances. The Tenant covenants that:

- (a) if any proceedings under the *Bankruptcy and Insolvency Act* of Canada, the *Companies Creditors Assistance Act* or other statute of similar purport are commenced against the Tenant, and such proceedings are not dismissed before an adjudication of bankruptcy, the appointment of a Trustee, or the confirmation of a composition, arrangement or plan or reorganization; or
- (b) if the Tenant is adjudged insolvent or makes an assignment for the benefit of its creditors or otherwise takes the benefit of any statute for the benefit of insolvent debtors; or
- (c) if a writ of attachment or execution is levied on the leasehold estate hereby created or any property of the Tenant upon the Lands and Premises and is not released or satisfied within 30 days thereafter; or
- (d) if a receiver, trustee, sequestrator or liquidator is appointed in any proceeding or action with authority to take possession or control of the leasehold interest of the

Tenant hereunder, any portion of the Lands and Premises or the business conducted thereon by the Tenant, and such appointee is not discharged within a period of 45 days after his appointment; or

- (e) if any sale, transfer, assignment, sublease or parting with possession which is contrary to Article 15.0 occurs; or
- (f) if any resolution is passed or other step taken for the winding-up, liquidation or other termination of the existence of the Tenant and is not abandoned prior to the completion of the winding-up, liquidation or other termination of existence,

each such event shall be deemed to constitute a default under this Lease by the Tenant and, subject to Article 16.0, shall, at the election of the Landlord by written notice, but without entry or other action of the Landlord, terminate this Lease as to all or any portion of the Lands and Premises immediately upon the sending of such notice and in respect of such terminated portion of all rights of the Tenant under this Lease and all rights of any persons claiming under the Tenant, shall thereupon cease and all Rent then due plus Rent for the next following three months shall forthwith become due and be payable to the Landlord, provided that if the Tenant has sublet, assigned or mortgaged or otherwise parted with possession of the Land and Premises in accordance with the terms of this Lease, the Landlord will not terminate this Lease with respect to the interest of such Subtenant, assignee, mortgagee or other party.

18.3 Termination. In the event of termination or expiration of the Lease, the Tenant agrees to deliver the Premises to the Landlord in reasonable repair, except for normal wear and tear and any damage referred to in Article 12.0, free and clear of all rights, mortgages, privileges and encumbrances placed thereon by or on account of the Tenant, except the interests of any Subtenants, assignees or mortgagees in accordance with the terms of this Lease and without indemnity or compensation to the Tenant for any reason whatsoever other than any compensation which may be due by the Landlord to the Tenant pursuant to this Lease prior to such termination; loss or damage from fire or other perils covered by the insurance policy effected by the Tenant excepted.

18.4 Force Majeure. Notwithstanding anything in this Lease, the Tenant shall not be in default with respect to the performance of any of the obligations within this Lease, if the default is due to any strike, lockout, labour dispute, civil commotion, invasion, rebellion, hostilities, sabotage, delay or inability to obtain supplies or labour or permits or approvals or consents contemplated under this Lease or other like cause beyond the reasonable control of the Tenant or due to acts of God.

19.0 INSPECTION

19.1 Inspection of the Lands and Premises. The Landlord, its servants, agents, contractors and representatives, shall be entitled at all reasonable times (after written notice given to the Tenant specifying the purpose) to go upon the Lands and Premises and into each building and other improvement thereon for any of the following purposes:

- (a) inspecting the same;
- (b) inspecting the performance by the Tenant of the terms, covenants, agreements and conditions of this Lease, and by any permitted Subtenant claiming by, through or under the Tenant of any of its obligations under its sublease;
- (c) reading utility metres;

- (d) posting and keeping posted thereon notices as required or permitted by any law or regulation; or
- (e) any other reasonable purpose.

The Landlord will give reasonable notice to the Tenant of the Landlord's intention to enter the premises and provide an opportunity of the Tenant to accompany the Landlord during such entry. The Landlord acknowledges that the nature of the undertakings in the Premises may be confidential or sensitive and access to the Landlord may be delayed if such access would be likely to interfere with the undertakings.

20.0 GENERAL TERMS AND INTERPRETATIONS

20.1 Rules and Regulations. Subject to the terms of this Lease, the Tenant shall observe and cause those for whom the Tenant is responsible in law, to observe such rules and regulations with respect to the use of the Complementary Facilities and conduct on the Campus and amendments and changes therein, not inconsistent with the permitted use of the Lands and Premises and the terms of this Lease, as may hereinafter be made by the Landlord of which notice in writing shall be given to the Tenant and all such rules and regulations, including without limitation, UBC's Rules and Regulations, shall be deemed to be incorporated into and form a part of this Lease to the extent that the same are not inconsistent with the terms of this Lease.

20.2 No Waiver Implied. No condoning, excusing or overlooking by the Landlord of any default, breach or non-observance at any time or times in respect of any covenant, proviso or condition herein contained shall operate as a waiver of the Landlord's rights hereunder in respect of any continuing or subsequent default, breach or non-observance, or so as to defeat in any way the rights of the Landlord in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by the Landlord save only an express waiver in writing.

20.3 Labour Disputes. The Landlord and the Tenant covenant to cooperate with each other in minimizing the effect of any labour dispute which any such party may have upon the operations of the other party. The Landlord and the Tenant covenant that in the event of a labour dispute, the party involved in such dispute shall take all appropriate steps to protect the party not involved in the dispute from interference with its or their operations caused by the dispute and without limiting the generality of the foregoing, to eliminate picketing which may cause such interference. Such steps shall be taken at the expense of the party involved in the dispute and the non-involved party shall have the right to retain counsel at its own expense to recommend to the party involved in the dispute appropriate action to protect the party not involved. The party involved shall give due consideration to the recommendation of counsel for the party not involved. This section shall not be construed to require a party involved in a dispute to meet the demands of any party with whom it has the dispute.

20.4 Limit on Claims. Neither the Landlord nor the Tenant shall bring any action against or claim damages for compensation from the other for any loss, cost, expense or liability suffered as a result of a labour dispute other than in respect of a breach of the covenant contained in these Sections 20.3 and 20.4.

20.5 No Prejudice. No exercise of a specific right or remedy by the Landlord precludes it from or prejudices it in exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.

20.6 Entry. The Landlord and its agents may enter the Lands and Premises at all reasonable times to examine them and to show them to a prospective lessee during the last year of the Term.

21.0 QUIET ENJOYMENT

21.1 If the Tenant without default pays the Rent and Additional Rent at the times and in the manner herein provided and keeps and performs all the terms, covenants and agreements herein on the Tenant's part to be kept and performed, the Tenant may possess and enjoy the Lands and Premises for the Term without disturbance or interruption by the Landlord or any person claiming by, through or under the Landlord but subject to the rights of the Landlord herein.

22.0 OVERHOLDING

22.1 If the Tenant remains in possession of the Lands and Premises after the end of the Term, there is no tacit or other renewal of this Lease, and the Tenant will be considered to be occupying the Lands and Premises as a tenant from month-to-month and otherwise upon the terms and conditions set forth in this Lease, so far as applicable.

23.0 EXPROPRIATION

23.1 If the Lands and Premises or any portion thereof are expropriated or condemned at any time during the term, the Landlord shall have no liability to the Tenant for the Landlord's inability to fulfill any of its covenants herein, but in each such event the Landlord and the Tenant may seek compensation separately from the expropriating authority but shall cooperate in seeking such compensation, and if a joint award of compensation is made, it shall be divided as agreed between the Landlord and the Tenant and failing agreement within 90 days of the award, as determined by arbitration hereunder.

24.0 INDEMNITY BY THE INDEMNIFIER

24.1 INTENTIONALLY DELETED

25.0 MISCELLANEOUS

25.1 Time. Time shall be of the essence of this Lease.

25.2 No Representations. The parties acknowledge that there have been no representations made by the other party which are not set out in the Lease or other written agreement between the parties.

25.3 Proper Law. The Lease shall be construed and governed by the laws of the Province of British Columbia. Should any provision or provisions of the Lease and or its conditions be illegal or not enforceable, it or they shall be considered separate and severable from the Lease and its remaining provisions and conditions shall remain in force and be binding upon the parties hereto as though the said provision or provisions or conditions had never been included.

25.4 No Joint Venture etc.. It is understood and agreed that nothing contained in this Lease nor in any acts of the parties hereby shall be deemed to create any relationship between the parties hereto other than the relationship of Landlord and Tenant.

25.5 Use of Name. The Tenant shall not, nor shall any Subtenant, without the prior written consent of the Landlord, use the Landlord's name in any publication, advertisement, notice, document or otherwise and shall not hold itself out as being associated with the Landlord.

25.6 Enurement. Subject to the provisions of the Lease respecting assignment by the Tenant, this indenture shall enure to the benefit of and be binding upon the Landlord, its successors and assigns and the successors and permitted assigns of the Tenant.

25.7 Arbitration. If a dispute arises as to the meaning of any section in this Agreement, the rights of the Landlord and the Tenant hereunder, the appointment of any party to be appointed herein, or the decision of any party so appointed, and the parties are unable to resolve such dispute, the matter in dispute shall be referred to a single arbitrator appointed pursuant to the *Commercial Arbitration Act* and amendments thereto. The decision of any arbitrator shall be final and binding upon the parties, including any decision of the arbitrator with respect to the costs of arbitration.

25.8 Interest. If the Tenant defaults in making any payment due to the Landlord under this Lease, the Tenant shall pay to the Landlord from the date the payment was due until the date payment is actually made to the Landlord, interest on the amount due at the rate which is the aggregate of 2% per annum plus the Prime Rate, calculated monthly, not in advance. It is agreed that if the Prime Rate changes, and so often as the same occurs at any time the rate of interest charged under this Lease shall change on the same day and in the same amount as the Prime Rate changed. Acceptance of any late payment without interest shall not constitute a waiver of the Landlord's right to require interest on the amount due.

25.9 Right to Distrain. Subject to Article 16.0, in the event of default in payment of any amount payable to the Landlord under this Lease, the Landlord may seize and sell the Tenant's property on the Lands and apply the proceeds of such sale first to the costs of the seizure and sale, then to interest payable on unpaid amounts, and then to payment of the unpaid amounts. The Landlord shall not levy distress against nor seize or sell any property of a Subtenant. If the Tenant vacates the Lands leaving any Rent or other amount payable under this Lease unpaid, the Landlord, in addition to any remedy otherwise provided by law, may seize and sell the property of the Tenant removed from the Lands at any place to which the Tenant or any other person may have removed such property in the same manner as if such property had remained upon the Lands.

25.10 Notice. Any notice, demand, request, consent or objection required or contemplated to be given or made by any provision of this Lease shall be given or made in writing and may be either delivered personally or sent by fax or registered mail, postage prepaid, addressed to the Landlord at:

The University of British Columbia
Room 240
6328 Memorial Road
Vancouver, British Columbia
V6T 1Z2

Attention: The Vice-President, Finance, Resources and Operations

or addressed to the Tenant at:

UBC Properties Investments Ltd.
Suite 200 - 3313 Shrum Lane,
Vancouver, British Columbia, V6S 0C8

Attention: The President

or to such other address as such party from time to time may specify by written notice to the other. The time of giving or making such notice, demand, request, consent or objection shall be, if delivered, when delivered, and if mailed, then on receipt at such address.

25.11 Captions. The captions appearing in this agreement have been inserted as a matter of convenience only and in no way define, limit or enlarge the meaning of this agreement or any provision thereof.

25.12 Severability. In the event that any part, section, paragraph or subsection of this Lease shall be held to be indefinite, invalid, illegal, or otherwise voidable or unenforceable, the entire Lease shall not fail on account thereof, and the balance of the Lease shall continue in full force and effect.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands as of the day and year first above written on Schedule "D" of the Form C General Instrument – Part 1 to which this Lease is attached.

**Schedule "A" to the Lease (Section 16.7 With No CMHC Insurance) Form of Agreement
With the Tenant's Mortgagee
AGREEMENT AMONG THE LANDLORD,
THE TENANT AND THE TENANT'S MORTGAGEE**

This Agreement is made as of the <@> day of <@>, 20<@>

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA, a British Columbia university created pursuant to the *University Act*, with an address of 240 6328 Memorial Road, Vancouver, British Columbia, V6T 1Z2

(hereinafter called the "**Landlord**")

OF THE FIRST PART

AND:

UBC PROPERTIES INVESTMENTS LTD., a British Columbia company having an office at Suite 200 - 3313 Shrum Lane, Vancouver, British Columbia, V6S 0C8, as Trustee, for UBC Properties Trust

(hereinafter called the "**Tenant**")

OF THE SECOND PART

AND:

<@>

(hereinafter called the "**Mortgagee**")

OF THE THIRD PART

WHEREAS:

A. The Landlord leased to the Tenant the premises (the "**Premises**") described in and demised by the lease dated for reference purposes <@> ("**Lease**") on the terms and conditions contained in the Lease;

B. The Lease was registered in the Land Title Office under number _____ against the lands legally described in Schedule "A" attached to this Agreement;

C. By a mortgage dated <@>, 20<@> (the "**Mortgage**") from the Tenant as mortgagor to the Mortgagee, the Tenant did demise and sublease by way of mortgage all of the Tenant's right, title and interest in and to the premises described in the Lease (save and except the last day thereof);

D.. The Mortgagee is a "**Tenant's Mortgagee**" as defined in the Lease and desires to have every opportunity to protect its interest and the security of the Mortgage, and to have

the advantage of the covenants between the Landlord and the Tenant with respect to protection of the Mortgagee's interest as contained in the Lease;

E. The Landlord and the Tenant have agreed to enter into this Agreement for the purpose of providing adequate security for the Mortgagee.

NOW THEREFORE in consideration of the premises and in consideration of the covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereto hereby covenant and agree, each with the other, as follows:

1. The Tenant acknowledges and represents to the Mortgagee that the Tenant has entered or intends to enter into possession of the Premises pursuant to the terms of the Lease.

2. The Landlord and the Tenant warrant and represent to the Mortgagee that:

- (a) all necessary consents or approvals to the granting of the Lease and the Mortgage required under applicable legislation have been obtained and any relevant reservations or limitations in such legislation or affecting the Premises have been complied with and observed and the Landlord has the full right and authority to grant the Lease of the Premises to the Tenant for the use as provided in the Lease;
- (b) the Landlord has not directed the Tenant to take any remedial action pursuant to the Lease; and
- (c) the Landlord has not asserted against the Tenant any claim for indemnification pursuant to the Lease.

3. The Tenant warrants and represents to the Landlord and the Mortgagee that all of the issued and outstanding shares in the capital of the Tenant are owned legally and beneficially by the Landlord.

4. The Landlord acknowledges, agrees and confirms to and with the Mortgagee that:

- (a) the Mortgagee is an Approved Lender (as defined in the Lease) who is a mortgagee of the interest of the Tenant under the Lease and is defined as such in the Lease;
- (b) the Mortgage will secure monies used by the Tenant for the Lands and the Premises for work done off the Lands by the Tenant and related to the Lease or the Lands and the Premises, for the Lease or for the obligations of the Tenant arising therefrom;
- (c) the Lease is in good standing and has not been amended;
- (d) the Mortgagee shall be entitled to all of the rights, privileges and benefits accruing to a Tenant's Mortgagee as provided in Section 15.5 of the Lease and the whole of Article 16.0 (comprising Sections 16.1 to 16.13 inclusive thereof) of the Lease to the same extent as for any Tenant's Mortgagee thereunder;

- (e) a Non-Curable Default under the Lease shall include any of the events described in Section 18.2 of the Lease;
- (f) the Mortgagee shall have no obligation or liability to cure any Non-Curable Default under the Lease in order to invoke, enforce or derive any benefits or advantages from any of the provisions of Article 16.0 of the Lease (comprising Sections 16.1 to 16.13 inclusive thereof);
- (g) there has been no prepayment of rent under the Lease except in accordance with the terms thereof, if any;
- (h) there are no rental arrears outstanding under the Lease;
- (i) the Landlord has not determined to act or given notice of its intention to act upon any default under the Lease, and to the best knowledge of the Landlord there has been no default under the Lease by either the Landlord or the Tenant;
- (j) any buildings and other improvements constructed on the Premises will become and remain the property of the Tenant during the term of the Lease.

5. The Landlord acknowledges receipt of notice of the Mortgage and a copy of the Mortgage from the Mortgagee and of written notice specifying an address for notices to be given to the Mortgagee, such address being the address of the Mortgagee as shown on the first page hereof, all in accordance with Article 16.0 and Section 14.3 of the Lease and the Landlord hereby covenants and agrees to grant and provide to the Mortgagee all rights, assurances and notices afforded under the terms of the Lease to a Tenant's Mortgagee as defined in the Lease.

6. The Landlord and the Tenant will at any time and from time to time, upon not less than 30 days' prior written request by the Mortgagee, execute, acknowledge and deliver to the Mortgagee a statement in writing certifying:

- (a) that the Lease is unmodified and in full force and effect or, if there have been any modifications, that the same are in full force and effect as modified and identifying the modifications;
- (b) the dates to which the rent or other charges payable under the Lease have been paid, provided that the request specifies the charges in respect of which such information is required; and
- (c) so far as the maker of the statement is aware, the other party to the Lease is not in default under any provision of the Lease, or, if in default, the particulars thereof.

7. The Tenant and the Landlord covenant and agree with the Mortgagee that:

- (a) they will not accept a surrender of the Lease, in whole or in part, without the prior written consent of the Mortgagee;
- (b) they will not agree to any modification or amendment to the Lease:
 - (i) which may materially adversely affect the Mortgage or the Mortgagee's security, without the prior written consent of the Mortgagee; or

- (ii) which does not materially adversely affect the Mortgage or the Mortgagee's security, without giving the Mortgagee 30 days' prior written notice of such modification or amendment.

8. Neither the Mortgagee nor any receiver or receiver-manager appointed thereby nor any assignee, transferee or purchaser of the Lease pursuant to enforcement proceedings initiated by the Mortgagee shall, unless it elects to do so, be subject to or bound by any other agreements between the Landlord and the Tenant.

9. If the Landlord and the Tenant cannot agree as to any matters regarding the Lease and they decide that the resolution of the 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 proceeding and if in the reasonable opinion of the Mortgagee, such proceeding may affect the Mortgage or the Mortgagee's security, the Mortgagee shall be given a reasonable opportunity by the Tenant and the Landlord to participate in the arbitration proceedings

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

11. The Landlord has filed a notice of interest in the land title office pursuant to paragraph 3(b) of the *Builder's Lien Act* stating that the Landlord is giving notice that it will not be responsible for any improvements done to the Lands or improvements thereon, unless the improvements are undertaken at the express request of the Landlord.

12. If the Lease is terminated, surrendered, disclaimed or forfeited and as a result the Tenant ceases to have any leasehold interest in the Premises, all covenants and obligations of the Tenant hereunder shall be assumed by the Landlord without any further act or agreement of the parties.

13. The Mortgagee agrees that if it gives any written notice of default to the Tenant under the Mortgage, it will concurrently therewith give a copy of such notice to the Landlord at the address specified on page 1 of this Agreement and the Landlord shall have the right to cure such default.

14. The Mortgagee covenants and agrees that if the Tenant defaults under the Lease and the Mortgagee demands payment of the full principal sum owing under or secured by the Mortgage and commences foreclosure or other realization proceedings under the Mortgage, the Landlord shall have the right to require the Mortgagee to assign the Mortgage to the Landlord (or to another entity nominated by the Landlord in which the Landlord has an interest) upon payment to the Mortgagee of the principal sum, accrued interest, costs and any other moneys secured by or to which the Mortgagee is otherwise entitled, under or pursuant to the Mortgage.

15. The Tenant agrees to pay the costs of the Landlord incurred in connection with this Agreement.

16. This Agreement shall be deemed to terminate at such time as the Mortgage has been paid in full in accordance with the terms and conditions therein contained and, if the Mortgage has been registered, is discharged from the title to the Lands and Premises.

17. The Tenant hereby acknowledges and agrees that nothing contained in this Agreement shall in any way release or limit the covenants and obligations of the Tenant under the Mortgage or the Lease.

18. The Tenant expressly consents to the exchange of notices or information between the Landlord and the Mortgagee as contemplated herein, including in particular, but without limiting the generality of the foregoing, the giving to the Landlord or Mortgagee as the case may be of a copy of any written notice to the Tenant of default.

19. This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF this Agreement has been executed as of the date first above written.

SIGNED FOR AND ON BEHALF of)
THE UNIVERSITY OF BRITISH)
COLUMBIA by:)
))
))
_____))
Authorized Signatory)
))
_____))
Authorized Signatory)

SIGNED FOR AND ON BEHALF of)
UBC PROPERTIES INVESTMENTS LTD.)
as Trustee for UBC Properties Trust by:)
))
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_____))
Authorized Signatory)
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_____))
Authorized Signatory)

SIGNED FOR AND ON BEHALF of)
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 Authorized Signatory)

**Schedule "B" to the Lease (Section 16.7 With CMHC Insurance)
Form of Agreement With the Tenant's CMHC Insured Mortgagee
AGREEMENT AMONG THE LANDLORD,
THE TENANT AND THE TENANT'S MORTGAGEE**

This Agreement is made as of the <@> day of <@>, 20<@>

BETWEEN:

THE UNIVERSITY OF BRITISH COLUMBIA, a British Columbia university created pursuant to the *University Act*, with an address of 240 6328 Memorial Road, Vancouver, British Columbia, V6T 1Z2

(hereinafter called the "**Landlord**")

OF THE FIRST PART

AND:

UBC PROPERTIES INVESTMENTS LTD., a British Columbia company having an office at Suite 200 - 3313 Shrum Lane, Vancouver, British Columbia, V6S 0C8, as Trustee, for UBC Properties Trust

(hereinafter called the "**Tenant**")

OF THE SECOND PART

AND:

<@>

(hereinafter called the "**Mortgagee**")

OF THE THIRD PART

WHEREAS:

- A. The Landlord leased to the Tenant the lands and premises (together the "**Premises**") described in and demised by the lease dated for reference purposes the <@> day of <@>, 20<@> (the "**Lease**") on the terms and conditions contained in the Lease;
- B. The Lease was registered in the Land Title Office under number <@> against the lands legally described in Schedule "A" attached to this Agreement.
- C. By a mortgage dated for reference purposes the <@> day of <@>, 20<@> (the "**Mortgage**") from the Tenant as mortgagor to the Mortgagee, the Tenant did demise and sublease or assign by way of mortgage all of the Tenant's right, title and interest in and to the Premises (save and except the last month thereof);

D. The Mortgagee has insured the Mortgage with Canada Mortgage and Housing Corporation ("CMHC") pursuant to Certificate of Insurance No. <@> dated 20<@> – <@> – <@>, and the special conditions forming part thereof (the "Certificate of Insurance");

E. The Mortgagee is a "Tenant's Mortgagee" as defined in the Lease and desires to protect its interest and the security of the Mortgage, and to have the advantage of the covenants between the Landlord and the Tenant with respect to protection of the Mortgagee's interest as contained in the Lease and in this Agreement;

F. The Landlord has agreed that if CMHC becomes the holder of the Mortgage or of the leasehold interest as a result of a claim being made by the Mortgagee under the Certificate of Insurance, that CMHC will be the holder of the leasehold interest as defined in the Lease and in such event CMHC will have the advantage of the covenants between the Landlord and the Tenant with respect to protection of the Mortgagee's interest as contained in the Lease and in this Agreement;

G. The Landlord and the Tenant have agreed to enter into this Agreement for the purpose of providing adequate security for the Mortgagee and CMHC and to ensure that the Lease, as modified in this Agreement is in compliance with the requirements of CMHC.

NOW THEREFORE in consideration of the premises and in consideration of the covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereto hereby covenant and agree, each with the other, as follows:

1. The Tenant acknowledges and represents to the Mortgagee that the Tenant has entered or intends to enter into possession of the Premises pursuant to the terms of the Lease.

2. The Landlord and the Tenant warrant and represent to the Mortgagee that:
- (a) all necessary consents or approvals to the granting of the Lease and the Mortgage required under applicable legislation have been obtained and any relevant reservations or limitations in such legislation or affecting the Premises have been complied with and observed and the Landlord has the full right and authority to grant the Lease of the Premises to the Tenant for the use as provided in the Lease;
 - (b) the Landlord has not directed the Tenant to take any remedial action pursuant to the Lease; and
 - (c) the Landlord has not asserted against the Tenant any claim for indemnification pursuant to the Lease.

3. The Tenant warrants and represents to the Landlord and the Mortgagee that all of the issued and outstanding shares in the capital of the Tenant are owned legally and beneficially by the Landlord.

4. The Landlord acknowledges, agrees and confirms to and with the Mortgagee that:

- (a) the Mortgagee is an Approved Lender (as defined herein and in the Lease) who is a mortgagee of the interest of the Tenant under the Lease and is defined as such in the Lease;

- (b) if CMHC becomes the holder of the Mortgage or of the Leasehold estate in the Lands, as a result of a claim being made by the Mortgagee under the Certificate of Insurance, CMHC will become a Tenant's Mortgagee as defined in the Lease and in such event all references in this Agreement or in the Lease, to Mortgagee or Tenant's Mortgagee shall be read and construed as being references to CMHC;
- (c) the Mortgage will secure monies used by the Tenant for the Lands and the Premises and for the Lease or for the obligations of the Tenant arising therefrom;
- (d) the Lease is in good standing and has not been amended;
- (e) the Mortgagee shall be entitled to all of the rights, privileges and benefits accruing to a Tenant's Mortgagee as provided in Section 15.5 of the Lease and the whole of Article 16.0 (comprising Sections 16.1 to 16.13 inclusive thereof) of the Lease to the same extent as for any Tenant's Mortgagee thereunder and for greater certainty the Landlord agrees that if the Tenant defaults under the Mortgage, then the Tenant's Mortgagee may take possession of the Lands and Premises, both as defined in the Lease, collect the rents and otherwise administer the Lands and Premises in accordance with the terms of the Lease as and where modified and amended by this agreement;
- (f) a Non-Curable Default under the Lease shall include any of the events described in Section 18.2 of the Lease;
- (g) the Tenant's Mortgagee shall have no obligation or liability to cure any Non-Curable Default under the Lease in order to invoke, enforce or derive any benefits or advantages from any of the provisions of Section 16 of the Lease (comprising Sections 16.1 to 16.13 inclusive thereof);
- (h) the Minimum Rent, as defined in the Lease, has been fully prepaid by the Tenant to the Landlord for the entire Term, as defined in the Lease;
- (i) there are no rental arrears outstanding under the Lease;
- (j) the Landlord has not determined to act or given notice of its intention to act upon any default under the Lease, and to the best knowledge of the Landlord there has been no default under the Lease by either the Landlord or the Tenant;
- (k) any buildings and other improvements constructed on the Premises will become and remain the property of the Tenant during the term of the Lease;
- (l) for greater certainty the Service Levy, as defined in the Lease, is the difference between what a similarly assessed property in the City of Vancouver would pay for real property taxes and what the Tenant would pay to the Province of British Columbia for real property taxes, if any, to the effect that the combined amount to be paid each year for real property taxes and Service Levy would be the same as a similarly assessed property would have paid in real property taxes to the City of Vancouver;
- (m) Sales Taxes, as defined in the Lease, during the period of any foreclosure action, would be limited to goods and services taxes and/or harmonized sales taxes, if and when the latter are levied in the Province of British Columbia, or any similar

tax which is brought in, either in addition to such taxes or in replacement of such taxes.

5. The Landlord acknowledges receipt of notice of the Mortgage and a copy of the Mortgage from the Mortgagee and of written notice specifying an address for notices to be given to the Mortgagee, such address being the address of the Mortgagee as shown on the first page hereof, all in accordance with Article 16.0 and Section 14.3 of the Lease and the Landlord hereby covenants and agrees to grant and provide to the Mortgagee all rights, assurances and notices afforded under the terms of the Lease to a Tenant's Mortgagee as defined in the Lease.

6. The Landlord and the Tenant will at any time and from time to time, upon not less than 30 days' prior written request by the Mortgagee, execute, acknowledge and deliver to the Mortgagee a statement in writing certifying:

- (a) that the Lease is unmodified and in full force and effect or, if there have been any modifications, that the same are in full force and effect as modified and identifying the modifications;
- (b) the dates to which the rent or other charges payable under the Lease have been paid, provided that the request specifies the charges in respect of which such information is required; and
- (c) so far as the maker of the statement is aware, the other party to the Lease is not in default under any provision of the Lease, or, if in default, the particulars thereof.

7. The Tenant and the Landlord covenant and agree with the Mortgagee that:

- (a) the Landlord will not accept a surrender of the Lease, in whole or in part, without the prior written consent of the Mortgagee;
- (b) they will not agree to any modification or amendment to the Lease.

8. Neither the Mortgagee nor any receiver or receiver-manager appointed thereby nor any assignee, transferee or purchaser of the Lease pursuant to enforcement proceedings initiated by the Mortgagee shall, unless it elects to do so, be subject to or bound by any other agreements between the Landlord and the Tenant.

9. If the Landlord and the Tenant cannot agree as to any matters regarding the Lease and they decide that the resolution of the matter is to be determined by arbitration pursuant to the arbitration provisions of the Lease, or other dispute resolution process, the Mortgagee shall be given adequate notice of such arbitration proceeding or other process and if the Mortgagee considers that such proceeding or other process may affect the Mortgage or the Mortgagee's security, the Mortgagee shall be given a reasonable opportunity by the Tenant and the Landlord to participate in the arbitration proceedings.

10. If the Mortgagee shall have cured any default in the payment of rent or any other amount required to be paid by the Tenant under the Lease and shall continue to pay currently such monetary obligations as and when the same fall due, or if the Mortgagee is prohibited by any process or injunction issued by any court having jurisdiction over any proceeding involving the Tenant, from commencing or prosecuting foreclosure or other appropriate proceeding or from obtaining possession of the Premises, then the time for commencing or prosecuting such foreclosure or other proceedings or for curing defaults (other than payment of rent or any other

amount required to be paid by the Tenant under the Lease) shall be extended for the period of such prohibition or injunction. The Landlord, the Tenant and the Mortgagee agree each with the other that, provided the Mortgagee, a subsequent purchaser or assignee have cured all defaults under this Lease, except for Non-Curable Defaults, pursuant to Section 16.1 of the Lease), any sale or assignment of the Tenant's leasehold interest in the Land and Premises and the Lease, by such Mortgagee, subsequent purchaser or assignee, may be made to any purchaser or assignee without restriction, prohibition, or consent notwithstanding anything to the contrary contained in the Lease and specifically contained in Article 1.0 Definitions, Article 6.0 Use of Land and Premises, Article 15.0 Assignment, Subletting and Mortgaging, and Article 16.0 Rights of Tenant's Mortgagees, specifically Sections 16.4 and 16.6 thereof, all as amended by this Agreement, so long as such Mortgagee, subsequent purchaser or assignee first attorns as tenant to the Landlord and undertakes to be bound by and to perform the covenants and agreements of the Tenant under the Lease, as modified herein.

11. The Landlord has filed a notice of interest in the land title office pursuant to paragraph 3(b) of the *Builder's Lien Act* stating that the Landlord is giving notice that it will not be responsible for any improvements done to the Lands or improvements thereon, unless the improvements are undertaken at the express request of the Landlord.

12. If the Lease is terminated, surrendered, disclaimed or forfeited and as a result the Tenant ceases to have any leasehold interest in the Premises, all covenants and obligations of the Tenant hereunder shall be assumed by the Landlord without any further act or agreement of the parties.

13. The Mortgagee agrees that if it gives any written notice of default to the Tenant under the Mortgage, it will concurrently therewith give a copy of such notice to the Landlord at the address specified on page 1 of this Agreement and the Landlord shall have the right to cure such default.

14. The Mortgagee covenants and agrees that if the Tenant defaults under the Lease and the Mortgagee demands payment of the full principal sum owing under or secured by the Mortgage and commences foreclosure or other realization proceedings under the Mortgage, the Landlord shall have the right for a period of 60 days following receipt of a notice in writing from the Mortgagee with respect thereto, to require the Mortgagee to assign the Mortgage to the Landlord (or to another entity nominated by the Landlord in which the Landlord has an interest) upon payment to the Mortgagee of the principal sum, accrued interest, costs and any other moneys secured by or to which the Mortgagee is otherwise entitled, under or pursuant to the Mortgage (including without limitation, any yield maintenance fee or similar amount). If the Landlord has not exercised such right within the time limited therefor, then the Mortgagee may exercise its right to sell or assign the Tenant's leasehold interest set out in section 10 of this Agreement upon compliance with the other requirements of such section 10.

15. Intentionally Deleted.

16. It is understood and agreed that the Mortgagee may wish to self-insure the Tenant's obligations under Article 14.0 of the Lease, if it becomes the holder of the leasehold interest pursuant to the terms of this Agreement and the Lease. In such event, prior to cancelling the insurance coverage then in force, if any, the Mortgagee shall provide to the Landlord full details of the self-insurance plan which shall have the characteristics set out in Article 14.0 of the Lease and upon the Mortgagee receiving the Landlord's written consent (which may have reasonable conditions attached) to the self-insurance plan, such consent not

to be unreasonably withheld or delayed, the Mortgagee may cancel the insurance coverage then in force, if any.

17. Notwithstanding Sections 16.1 and 16.8 of the Lease and any sections in the Lease that set deadlines for curing those defaults that are not Non-Curable Defaults, it is understood and agreed that the Mortgagee shall have in every case, 60 days, or such longer time as is permitted by the section in question from receipt of a notice of such default within in which to cure the default.

18. The Tenant agrees to pay the costs of the Landlord incurred in connection with this Agreement.

19. Definitions and Schedules of the Lease is hereby amended as follows for purposes of this Agreement:

Section 1.1(rr) "Tenant's Mortgagee" is amended by deleting it entirely and replacing it with the following:

"Tenant's Mortgagee" means an Approved Lender insured by CMHC who is a mortgagee of the interest of the Tenant under this Lease;

20. "Articles of the Lease are hereby amended as follows for purposes of this Agreement:

(a) Article 5.0 - Construction of Improvements

Section 5.3 - Liens is amended by deleting it entirely and replacing it with the following:

"The Tenant covenants that during the currency of this Lease it shall neither do nor fail to do, any act which may result in any builders' lien or any other statutory lien being registered against the Lands of the Landlord, and if any such lien should be registered against the Lands of the Landlord as a result of any act or failure to act on the part of the Tenant, the Tenant hereby agrees to indemnify and hold harmless the Landlord with respect to such lien, and to take all necessary steps to remove such lien from title to the Campus and or the Lands and Premises forthwith upon notice by the Landlord. In the event that the Tenant fails to take such necessary action within two weeks of receipt of notice from the Landlord, the Landlord may take all necessary action to remove the same in the name of the Tenant and the Tenant agrees to indemnify the Landlord for any and all costs, charges or expenses with respect to the same including reasonable solicitors fees and to pay to the Landlord such costs, charges and expenses within 10 days of notice from the Landlord of the same or the Tenant shall be in default as defined in subsection 18.1(a) herein. Notwithstanding anything to the contrary above, the Landlord agrees that so long as the Tenant is taking all necessary action to contest the lien and the Tenant has

posted reasonable security for costs and for the lien as approved by the Landlord and as may be required by a court of law or statute, the Landlord will not pursue its rights to remove the lien as provided herein.”

(b) Article 7.0 - Conduct of Tenant in Occupation

Section 7.10 - Abandonment of Purpose is amended by deleting it entirely and replacing it with the following:

“Notwithstanding anything herein contained should the Tenant operate on the Lands and Premises in a manner so as to place the Tenant in default with the provisions of Article 7.0 hereof then, at the option of the Landlord and subject to the prior written agreement of the Tenant’s Mortgagee and CMHC, this Lease may be terminated pursuant to the provision set forth in Article 18.0.”

(c) Article 11.0 - Repairs and Maintenance

Subsection 11.1(e) Repairs to Conform to Codes is amended by deleting it entirely and replacing it with the following:

“All repairs, replacements maintenance or construction undertaken by the Tenant shall be done in accordance with the Development Guidelines, the Land Use Rules, UBC’s Rules and Regulations and all applicable laws, codes, rules and regulations and in a good and workmanlike manner, normal wear and tear excepted.”

(d) Article 12.0 - Damage or Destruction

(i) Section 12.2 - Termination is amended by deleting the first three lines and replacing them with the following:

“The Landlord or the Tenant by written notice to the other given within 120 days of the occurrence of damage to the Lands and Premises or the Campus may, subject to the written consent of the Tenant’s Mortgagee, terminate this Lease:”

(ii) Section 12.3 - Reconstruction is amended by deleting it entirely and replacing it with the following:

“If this Lease is not terminated pursuant to Section 12.2, provided that the damage was caused by a hazard against which the Tenant was required to insure in accordance with the terms of this Lease and such insurance proceeds would be sufficient for rebuilding, and provided that all necessary access, egress and the supply of such services have been provided to the Lands and Premises, or shall be prior to the completion of such rebuilding,

as may be reasonably necessary to permit the Tenant and its Subtenants to occupy and use the Lands and Premises in accordance with the terms of this Lease, then the Tenant covenants to commence the reconstruction of the Premises at its sole cost within two years of the date of destruction upon plans to be approved by the Landlord as aforesaid, and to complete such reconstruction and rebuilding with all due dispatch. If the Tenant is not required to reconstruct the Premises and elects not to do so, then the Tenant, subject to the written consent of the Tenant's Mortgagee, by notice to the Landlord to that effect, may terminate this Lease; provided however, if the Tenant has not made such election and so terminated this Lease within 12 months of the occurrence of damage to the Lands and Premises, then the Landlord may terminate this Lease by notice to the Tenant to that effect, subject to the written consent of the Tenant's Mortgagee. If the Tenant decides to reconstruct the Premises even though it is not required to do so pursuant to this Section 12.3, then the Tenant shall give notice to the Landlord that it will reconstruct the Premises in accordance with the terms of this Lease, subject to any delays due to lack of access, egress, or supply of services to the Lands and Premises. Notwithstanding anything to the contrary (including without limitation Section 14.3 subsection 15.1(a)) and the foregoing provisions of this Section 12.3, if at any time the Premises are damaged or destroyed to the extent of 25% or more of their full insurable value, then the Tenant's Mortgagee may, within 60 days of its receipt of notice from the insurer or its agent that the Premises have been damaged or destroyed to the extent of 25% or more of their full insurable value and of the amount of insurance proceeds available if the Premises are not repaired, rebuilt or restored, elect to require that the insurance proceeds not be applied toward the repair or rebuilding or restoration of the Premises, and in the event of such an election the insurance proceeds shall be applied, in priority, as follows:

- (a) first, towards payment of all moneys owing on the Tenant's Mortgagee's mortgage (including without limitation, any yield maintenance fee or similar amount);*
- (b) second, but only if and to the extent required by the Landlord or the Tenant, toward clearing and restoring the Lands as*

nearly as possible to their condition prior to the commencement of construction;

- (c) *third, towards payment of all moneys payable to the Landlord under this Lease; and*
- (d) *fourth, in payment to the Landlord and the Tenant in accordance with their interests therein,*

and the Tenant shall not be obligated to repair or rebuild or restore"

(e) Article 15.0 - Assignment, Subletting and Mortgaging

- (i) Section 15.1 - Assignment is amended by deleting it entirely and replacing it with the following:

"(a) *The Tenant shall not sell, assign or transfer or part with possession of this Lease or any portion of the Term or the Lands and Premises or any interest therein without the written consent of the Landlord, such consent not to be unreasonably withheld, (provided always the Tenant's Mortgagee, a subsequent purchaser or assignee having cured all defaults under this Lease, except for Non-Curable Defaults, pursuant to Section 16.1 of this Lease, may sell, assign or sublet without restriction, prohibition or consent) provided however the Tenant may grant Subleases pursuant to Sections 15.2, 15.3 and 15.4 and the Tenant may mortgage this Lease by sublease or assignment pursuant to Section 15.5, as amended by this Agreement.*

(b) *Neither this Lease nor any Sublease nor the leasehold estate of the Tenant or any Subtenant in the Land and Premises or any portion of the Lands and Premises shall be subject to involuntary assignment, transfer or sale or to assignment, transfer or sale by operation of law in any manner whatsoever (except as expressly contemplated in Article 16.0), and any such attempted or purported involuntary assignment, transfer or sale shall be ineffective as against the Landlord."*

- (ii) Section 15.5 - Tenant May Mortgage is amended by deleting it entirely and replacing it with the following:

“The Tenant may assign or sublet by way of mortgage its interest in this Lease to an Approved Lender insured by CMHC without the consent of the Landlord but may not mortgage such interest to any person other than an Approved Lender insured by CMHC without the prior written consent of the Landlord, which consent shall not be unreasonably withheld or delayed. The Tenant shall advise the Landlord of the Tenant’s intention to raise funds and secure the same by a mortgage of its interest in this Lease from time to time, as soon as possible after the Tenant determines to do so, and shall endeavour to give the Landlord 90 days’ notice of such new financing prior to granting a mortgage of the Tenant’s interest in this Lease.”

- (f) Article 16.0 - Rights of Tenant’s Mortgagees

Section 16.4 - Attornment is amended by deleting it entirely and replacing it with the following:

“If and when the Tenant’s Mortgagee acquires the leasehold interest of the Tenant pursuant to the Proceedings, then the Tenant’s Mortgagee may continue in possession as Tenant for the balance of the term of this Lease then remaining, provided that the Tenant’s Mortgagee first attorns as Tenant to the Landlord and undertakes to be bound by and to perform the covenants and agreements of the Tenant under this Lease until the earlier of:

- (a) the expiration of the term of this Lease; or*
- (b) the date on which the Tenant’s Mortgagee assigns this Lease.”*

- (g) Article 18.0 - Default, Termination and Expiry

- (i) Subsection 18.1(a) - Default is amended by deleting it entirely and replacing it with the following:

“If the Tenant:

- (a) fails or neglects to make any payment due to the Landlord, in accordance with the terms of this Lease, within 60 days after the Landlord gives the Tenant written notice that the payment is overdue; or”*

(ii) Subsection 18.2 - Bankruptcy and Other Circumstances is amended by adding the words "and Section 20.1" after the words "subject to Article 16.0" in the full paragraph that follows Subsection 18.2(f).

(h) Article 20.0 - General Terms and Conditions

Section 20.1 Rules and Regulations is amended by adding the following sentence at the end thereof:

"It is understood and agreed that notwithstanding anything set out in this Lease to the contrary, this Lease may not be terminated as against the Tenant's Mortgagee for failure to comply with any of UBC's Rules and Regulations or the Landlord's building-specific rules and regulations that are, in either case, landlord-like in character (being rules and regulations of a type that a landlord might make under a lease) and not municipal-like in character (being rules, policies, bylaws and regulations of a type that a local government might make as such and not as landlord)."

(i) Article 25.0 - Miscellaneous:

Section 25.7 is amended by adding the following sentence at the end thereof:

"The Tenant's Mortgagee shall be given adequate notice of any arbitration under this Lease or other dispute resolution process and if the Tenant's Mortgagee considers that such proceeding or other process may affect the Tenant's Mortgagee's security, the Tenant's Mortgagee shall be given a reasonable opportunity by the Tenant and the Landlord to participate in such proceeding or process."

21. It is understood and agreed that in the event of a sale or assignment of the Tenant's leasehold interest by the Mortgagee pursuant to this Agreement, the Lease shall be deemed to have been modified as between the Landlord and the assignee as is set out in this Agreement.

22. This Agreement shall be deemed to terminate at such time as the Mortgage has been paid in full in accordance with the terms and conditions therein contained and, if the Mortgage has been registered, is discharged from the title to the Lands and Premises.

23. The Tenant hereby acknowledges and agrees that nothing contained in this Agreement shall in any way release or limit the covenants and obligations of the Tenant under the Mortgage or the Lease which shall continue as set out in the Lease without the benefit of the modifications set out in this Agreement. Upon termination of this Agreement and the discharge of the Mortgage pursuant to Section 22 of this Agreement, the Lease shall continue in full force and effect without any of the modifications set out in this Agreement.

24. The Tenant expressly consents to the exchange of notices or information between the Landlord and the Mortgagee as contemplated herein, including in particular, but without limiting the generality of the foregoing, the giving to the Landlord or Mortgagee as the case may be of a copy of any written notice to the Tenant of default.

25. The parties shall execute and deliver such further documents and instruments and do such further acts and things as may be required by the Mortgagee in order to register this Agreement as a modification of the Lease.

26. This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF this Agreement has been executed as of the date first above written.

SIGNED FOR AND ON BEHALF of)
THE UNIVERSITY OF BRITISH)
COLUMBIA by:)
)
)
)
_____)
Authorized Signatory)
)
_____)
Authorized Signatory)

SIGNED FOR AND ON BEHALF of)
UBC PROPERTIES INVESTMENTS LTD.)
as Trustee for UBC Properties Trust by:)
)
)
)
_____)
Authorized Signatory)
)
_____)
Authorized Signatory)

SIGNED FOR AND ON BEHALF of)
<@> by:)
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Authorized Signatory)

Schedule "A"
to the Form of Tripartite With CMHC Insurance
(Paragraph 16.7 of the Lease)
Legal Description of the Lands

PID: 028-343-280
Lot 4
District Lot 6494
Group 1, NWD
Plan BCP45808

END OF DOCUMENT

PROVINCE OF BRITISH COLUMBIA

ORDER OF THE MINISTER OF ADVANCED EDUCATION

Ministerial Order No.

M 162

I, Amrik Virk, Minister of Advanced Education hereby order that:

1. In this Order:

"UBC" means The University of British Columbia; and

"UBC Lot" means the lots or parcels of land with the legal descriptions listed in Schedule 1 and as shown on the maps attached as Appendices to Schedule 1 of this Order, as may be further subdivided or consolidated from time to time.

2. In this Section:

(a) The following definitions will apply:

(i) "SRW Forms" means the draft forms of agreement attached to this Order as Appendices to Schedule 2 attached to this Order;

(ii) "SRW Grantee" means any party identified in Schedule 3;

(iii) "SRW Purposes" means the following purposes for which a statutory right of way may be granted:

a. the supply or delivery by any SRW Grantee of any one or more of the utility services described in the SRW Forms, and other such utility services, all as may be required for the orderly and effective development, management, operation and maintenance of a UBC Lot under the leases approved under Ministerial Orders M241 and M212 dated November 28, 2005 and September 27, 2006, including electricity, telecommunication, cable television, water, steam or gas services; and

b. the installation of plant, equipment, apparatus, appliances, property and facilities employed by or in connection with a SRW Grantee in the supply or delivery of the utility services described in the subsection above.

(b) Approval is given to UBC to grant, during a period of time up to five years after the date of this Order, such statutory rights of way as may be required, each under separate registration, under section 218 of the *Land Title Act* (as may be amended from time to time), in favour of any SRW Grantee, over any one or more of the UBC Lots, and for any one or more of the SRW Purposes, provided that any such grant is

substantively in accordance with the terms and conditions of the applicable SRW Form.

3. In this Section:

(a) The following definitions will apply:

- (i) "Easement and Restrictive Covenant Forms" means the draft forms of agreement attached to this Order as Appendices to Schedule 4; and
- (ii) "Easement and Restrictive Covenant Purposes" means the purposes described in the Easement and Restrictive Covenant Forms, and other such purposes, all as may be required for the orderly and effective development, management, operation and maintenance of a UBC Lot under the leases approved under Ministerial Orders M241 and M212 dated November 28, 2005 and September 27, 2006, including:
 - a. in respect of easements, including encroachments: construction crane swing and underpinning easements, shared driveway ramps to access adjoining underground parking garages, pedestrian pathway access, emergency vehicle access; roof overhangs, sidewalk encroachments and other such encroachments, landscape easements, utilities easements, storm water outfall and landscaping easements, and shared parking;
 - b. in respect of equitable charges contained in an Easement and Restrictive Covenant Form: to secure the performance of obligations, including maintenance and cost sharing obligations, contained in an Easement and Restrictive Covenant Form; and
 - c. in respect of restrictive covenants: to create a no build area, to restrict or prohibit vehicular access to an area, and to enforce landscaping rules and regulations, tree retention plans and turn restrictions.

- (b) Approval is given to UBC to grant, during a period of time up to five years after the date of this Order, such easements, restrictive covenants and equitable charges as may be required, each under separate registration, in favour of any party identified in Schedule 5, over any one or more of the UBC Lots, and for any one or more of the Easement and Restrictive Covenant Purposes, for the benefit of any one or more of the UBC Lots, provided that any such grant is substantively in accordance with the terms and conditions of the applicable Easement and Restrictive Covenant Form.

4. In this Section:

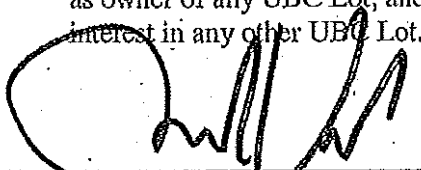
(a) The following definitions will apply:

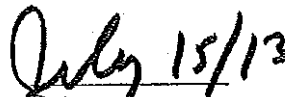
- (i) "Section 219 Covenant Forms" means the draft forms of agreement attached to this Order as Appendices to Schedule 6;

(ii) "Section 219 Covenant Purposes" means the purposes described in the Easement and Restrictive Covenant Forms, and other such purposes, all as may be required for the orderly and effective development, management, operation and maintenance of a UBC Lot under the leases approved under Ministerial Orders M241 and M212 dated November 28, 2005 and September 27, 2006, including: to create a no build area(s), to restrict or prohibit vehicular access to an area(s), to restrict vehicular ingress and egress, and to enforce landscaping rules and regulations, and tree retention plans.

(b) Approval is given to UBC to grant, during a period of time up to five years after the date of this Order, such covenants as may be required, each under separate registration, under section 219 of the *Land Title Act* (as may be amended from time to time), in favour of any party identified in Schedule 7, over any one or more of the UBC Lots, and for any one or more of the Section 219 Purposes, provided that any such grant is substantively in accordance with the terms and conditions of the applicable Section 219 Covenant Form.

5. Approval is given to UBC to release and discharge, at any time as may be required, any charge approved under Section 3 or 4 of this Order that has been granted in favour of UBC, as owner of any UBC Lot, and that is registered on title to any other UBC Lot or a leasehold interest in any other UBC Lot.


Minister of Advanced Education


Date

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: University Act, section 50(2)

Other (specify): _____