

**SECOND AMENDMENT
TO
AMENDED AND RESTATED
PURCHASE AND SALE AGREEMENT**

THIS AMENDING AGREEMENT is dated for reference the 7th day of December, 2015.

AMONG:

PROVINCIAL RENTAL HOUSING CORPORATION
1701 – 4555 Kingsway
Burnaby, BC V5H 4V8

(the "Vendor")

AND:

HOLBORN PROPERTIES LTD.
Suite 10, 698 Seymour Street
Vancouver, BC V6B 3K6

(the "Purchaser")

AND:

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION
1701 – 4555 Kingsway
Burnaby, BC V5H 4V8

(the "Commission")

WHEREAS:

- A. The parties entered into the Amended and Restated Purchase and Sale Agreement dated for reference the 25th day of April, 2008.
- B. The parties entered into the Amendment to Amended and Restated Purchase and Sale Agreement dated for reference the 14th day of June, 2013 (the "First Amendment").
- C. The parties wish to further amend the Amended and Restated Purchase and Sale Agreement on the terms and conditions set forth in this Amending Agreement.

NOW THEREFORE, in consideration of the mutual covenants hereinafter reserved and contained, the parties agree as follows:

- 1. All terms capitalized herein and not otherwise defined in this Amending Agreement shall have the same meanings as ascribed to such terms in the Amended and Restated Purchase and Sale Agreement.

2. Section 3.3 of the Amended and Restated Purchase and Sale Agreement is amended by deleting the figure \$14,000,000.00 where it appears in two places in the third line and substituting the figure \$14,750,000.00 in both places. The Vendor's Statement of Adjustments attached as Schedule "A" hereto is accordingly amended by increasing the "Credit to Purchaser - pursuant to S. 3.3 of Agreement" and by reducing the "Remaining Balance secured by Vendor's mortgage" each by \$750,000.00.
3. The Amended and Restated Purchase and Sale Agreement remains unchanged except as amended by the First Amendment and as amended hereby, and as amended, remains in full force and effect. The parties shall preform and observe the covenants, provisos and stipulations in the Amended and Restated Purchase and Sale Agreement, as amended, as fully as if such covenants, provisos and stipulations had been repeated herein.
4. This Second Amending Agreement enures to the benefit of and binds the parties and their successors and assigns.
5. This Second Amending Agreement may be executed in counterparts and delivered by email or facsimile transmission.

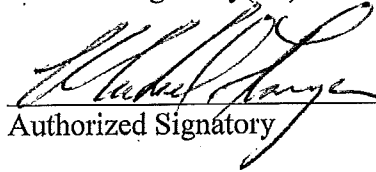
[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS THEREOF, the parties have executed this Second Amending Agreement as provided below.

PROVINCIAL RENTAL HOUSING CORPORATION

by its authorized signatory(ies):

Per:


Authorized Signatory

Per:

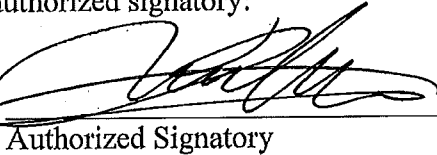
Authorized Signatory

Date

HOLBORN PROPERTIES LTD.

by its authorized signatory:

Per:


Authorized Signatory

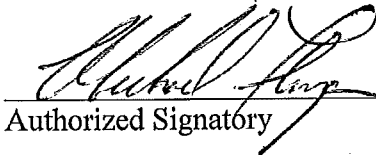
2/25/16

Date

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

by its authorized signatory(ies):

Per:


Authorized Signatory

Per:

Authorized Signatory

Date

SCHEDULE "A"

VENDOR'S STATEMENT OF ADJUSTMENTS

VENDOR: PROVINCIAL RENTAL HOUSING CORPORATION
PURCHASER: HOLBORN PROPERTIES LTD.
RE: SALE OF: 125 E. 37th Avenue, Vancouver, BC and legally described as:
PID: 002-546-787 Parcel C (Reference Plan 3508) of District Lots 637 and 638
Group 1 NWD (the "Property") pursuant to an Amended and Restated Purchase
and Sale Agreement dated for reference the 24th day of April, 2008 and
Amending Agreement dated for reference the 14th day of June, 2013 (together the
Agreement")
COMPLETION DATE: JULY 2, 2013
ADJUSTMENT DATE: JULY 2, 2013
POSSESSION DATE: JULY 2, 2013

	<u>DEBITS</u>	<u>CREDITS</u>
BY: Total consideration payable pursuant to Agreement [\$333,957,340.00 - \$88,000,000 Non-Market Housing]		\$245,957,340.00
BY: GST payable on Sale Price [Purchaser is a GST Registrant and will self-assess]		N/A
TO: Purchaser paid to Vendor pursuant to S. 2.3(a) of Agreement	\$20,000,000.00	
TO: Purchaser paid to Vendor pursuant to S. 2.3(b) of Agreement	10,000,000.00	
TO: City of Vancouver - Purchaser's share of estimated Metered Utility Accounts (water and sewer) for period February 1, 2013 - May 31, 2013 - See Schedule "A" [To be paid by Purchaser when invoiced]	430.00	
TO: City of Vancouver - Purchaser's share of estimated Metered Utility Accounts (water and sewer) for period June 1, 2013 - July 1, 2013 - See Schedule "B" [To be paid by Purchaser when invoiced]	109.22	
TO: Credit to Purchaser - pursuant to S. 3.3 of Agreement	14,000,000.00	
TO: Remaining Balance secured by Vendor's Mortgage [\$210,957,340.00 - \$14,000,000.00 credit]	196,957,340.00	
TO: BALANCE DUE VENDOR ON COMPLETION TO BE PAID TO VENDOR'S SOLICITOR, IN TRUST	4,999,460.78	
	<u>\$245,957,340.00</u>	<u>\$245,957,340.00</u>

E.&O.E

- 2 -

AMW/mjn

- 3 -

NOTES:

1. The Vendor acknowledges and agrees with the Purchaser and with Fasken Martineau DuMoulin LLP as follows:
 - (a) This Statement is based on information provided to the firm of Fasken Martineau DuMoulin LLP which is believed to be correct but its accuracy cannot be guaranteed. Errors and omissions are excepted.
 - (b) Any item not adjusted in this Statement or adjusted in this Statement but requiring re-adjustment shall be settled directly between the parties.
 - (c) If completion of the purchase and sale of the Property takes place on other than the Completion Date, there will be the appropriate re-adjustment.
 - (d) The Vendor will convey fee simple title to the Property free and clear of all liens, charges, encumbrances, judgments, tenancies, and governmental assessments and levies, and other claims and demands whatsoever existing or pending, save and except:
 - (i) Easement and Indemnity Agreement 148333M; and
 - (ii) Covenant CA3073856; and
 - (iii) new S. 219 Covenant in favour of the Vendor.
2. The Vendor irrevocably authorizes and directs the Purchaser and Fasken Martineau DuMoulin LLP to pay the Balance Due Vendor on completion by way of solicitor's trust cheque made payable to Singleton Urquhart LLP, in trust, which cheque is to be picked up by Singleton Urquhart LLP.

THE VENDOR HEREBY CONSENTS to the disbursement of funds as herein set forth and APPROVES AND RATIFIES this Statement of Adjustments.

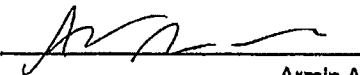
DATED this 25th day of June, 2013.

PROVINCIAL RENTAL HOUSING
CORPORATION


Per: 

Authorized Signatory

Dan Maxwell



Armin Amrolla



SCHEDULE "A"
City of Vancouver
Estimated Metered Utility Accounts
for period February 1, 2013 - May 31, 2013

Account No.	Meter Charge Shut-Off	Sewer Metererd
5005850	\$40.00	n/a
5005846	30.00	n/a
5005847	40.00	n/a
5005848	40.00	n/a
5005849	30.00	n/a
5092335	40.00	\$55.00
5005851	15.00	n/a
5005852	40.00	n/a
5005853	30.00	n/a
5005854	30.00	n/a
5080814	40.00	n/a
TOTALS:	\$375.00	\$55.00

SCHEDULE "B"

City of Vancouver
 Estimated Metered Utility Accounts
 for period June 1, 2013 - July 1, 2013 (account billed every 4 months)

Account No.	Meter Charge Shut-Off	Sewer Metererd
5005850 \$40.00 x 31 days/122 days	\$10.16	n/a
5005846 \$30.00 x 31 days/122 days	7.62	n/a
5005847 \$40.00 x 31 days/122 days	10.16	n/a
5005848 \$40.00 x 31 days/122 days	10.16	n/a
5005849 \$30.00 x 31 days/122 days	7.62	n/a
5092335 \$40.00 x 31 days/122 days \$55.00 x 31 days /122 days	10.16	\$13.97
5005851 \$15.00 x 31 days/122 days	3.81	n/a
5005852 \$40.00 x 31 days/122 days	10.16	n/a
5005853 \$30.00 x 31 days/122 days	7.62	n/a
5005854 \$30.00 x 31 days/122 days	7.62	n/a
5080814 \$40.00 x 31 days/122 days	10.16	n/a
TOTALS:	\$95.25	\$13.97

**AMENDMENT
TO
AMENDED AND RESTATED
PURCHASE AND SALE AGREEMENT**

THIS AMENDING AGREEMENT is dated for reference the 14th day of June, 2013.

AMONG:

PROVINCIAL RENTAL HOUSING CORPORATION
1701 – 4555 Kingsway
Burnaby, BC V5H 4V8

(the "Vendor")

AND:

HOLBORN PROPERTIES LTD.
Suite 10, 698 Seymour Street
Vancouver B.C. V6B 3K6

(the "Purchaser")

AND:

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION
1701 – 4555 Kingsway
Burnaby, BC V5H 4V8

(the "Commission")

WHEREAS:

A. The parties entered into the Amended and Restated Purchase and Sale Agreement dated for reference the 25th day of April, 2008.

B. The parties wish to amend the Amended and Restated Purchase and Sale Agreement on the terms and conditions set forth in this Amending Agreement.

NOW THEREFORE, in consideration of the mutual covenants hereinafter reserved and contained, the parties agree as follows:

1. All terms capitalized herein and not otherwise defined in this Amending Agreement shall have the same meanings as ascribed to such terms in the Amended and Restated Purchase and Sale Agreement.

2. Section 1.2 of the Amended and Restated Purchase and Sale Agreement is amended by adding the following:

"Schedule G – Indemnity – see subsection 4.1(g)"
3. Subsection 2.3(c)(ii) of the Amended and Restated Purchase and Sale Agreement is deleted and the following is substituted therefore:

"2.3(c)(ii) \$210,957,340, subject to the adjustments made pursuant to section 3.3 (the "Remaining Balance") will not bear interest until December 31, 2026 and thereafter will bear interest, calculated and paid monthly on the last day of each month, at the rate equal to the monthly Prime Corporate Paper Rate (one month) published by the Bank of Canada;"
4. Subsection 4.1(g) of the Amended and Restated Purchase and Sale Agreement is deleted and the following is substituted therefore:

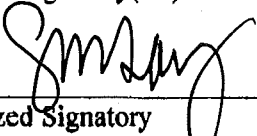
"4.1(g) on the Completion Date deliver to the Purchaser an indemnity saving the Purchaser harmless from any losses, claims, liabilities, costs and expenses, etc. arising as a result of Hazardous Substances present on or migrating from the Property on or before the Completion Date, and with respect to the obtaining of a Certificate of Compliance in relation thereto, if required by a statutory authority, such indemnity to be provided in the form attached hereto as Schedule G;"
5. The Amended and Restated Purchase and Sale Agreement is amended by adding Schedule G as attached to this Amending Agreement which shall form a part of the Amended and Restated Purchase and Sale Agreement.
6. The Amended and Restated Purchase and Sale Agreement remains unchanged except as amended hereby and as amended hereby remains in full force and effect. The parties shall preform and observe the covenants, provisos and stipulations in the Amended and Restated Purchase and Sale Agreement, as amended, as fully as if such covenants, provisos and stipulations had been repeated herein.
7. This Amending Agreement enures to the benefit of and binds the parties and their successors and assigns.

8. This Amending Agreement may be executed in counterparts and delivered by email or facsimile transmission.

IN WITNESS THEREOF, the parties have executed this Amending Agreement as provided below.

PROVINCIAL RENTAL HOUSING CORPORATION

by its authorized signatory(ies):

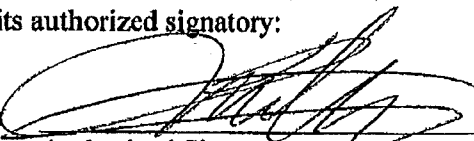
Per: 
Authorized Signatory

Per: 
Authorized Signatory

June 17, 2013
Date

HOLBORN PROPERTIES LTD.

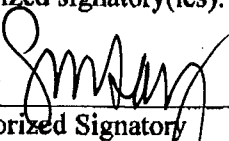
by its authorized signatory:

Per: 
Authorized Signatory

Date

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

by its authorized signatory(ies):

Per: 
Authorized Signatory

Per: 
Authorized Signatory

June 17, 2013
Date

SCHEDULE G

INDEMNITY

(see attached)

INDEMNITY AGREEMENT

THIS INDEMNITY dated for reference the 2nd day of July, 2013 (the "**Reference Date**").

BETWEEN:

PROVINCIAL RENTAL HOUSING CORPORATION

1701 - 4555 Kingsway
Burnaby, BC V5H 4V8

(the "**Vendor**")

AND:

HOLBORN PROPERTIES LTD.

Suite 10 - 698 Seymour Street
Vancouver, BC V6B 3K6

(the "**Purchaser**")

WHEREAS:

A. The Vendor is the owner of the lands and premises in the City of Vancouver described as:

PID 002-546-787 Parcel C (Reference Plan 3508) of District Lots
637 and 638, Group 1 New Westminster District

(the "**Property**"); and

B. The Vendor and the Purchaser entered into an Amended and Restated Purchase and Sale Agreement in respect of the Property dated for reference 25th day of April, 2008, which Amended and Restated Purchase and Sale Agreement was amended by an amending agreement dated the __ day of ____, 2013 (the "**Purchase and Sale Agreement**").

C. Pursuant to Section 4.1 (g) of the Purchase and Sale Agreement, the Vendor is to provide to the Purchaser an indemnity respecting the environmental condition of the Property on the terms as herein set forth.

NOW THEREFORE, in consideration of the covenants and agreements in the Purchase and Sale Agreement and in consideration of the purchase of the Property by the Purchaser under the Purchase and Sale Agreement, the sufficiency of which the parties hereby acknowledge, the parties agree as follows:

1. Definitions

Any capitalized term that is not defined in this Indemnity Agreement has the meaning given to it in the Purchase and Sale Agreement.

2. Vendor to Indemnify

The Vendor shall indemnify and save harmless the Purchaser and its officers, directors, employees and agents, and their heirs, executors, administrators, personal representatives, successors and assigns, from and against:

- (a) all damages, losses and costs (including legal costs on a solicitor and own client basis) liabilities and expenses resulting from any claim, demand, action or cause of action initiated by a Statutory Authority or by any other party or any written request for additional work, reports or investigations by any Statutory Authority;
- (b) incremental costs or consequential losses suffered by the Purchaser resulting from any delay, reasonably incurred, or inability to proceed with the intended development and use of the Property for residential purposes (including any delay, reasonably incurred, in obtaining or inability to obtain from any Statutory Authority any permits, licences, authorizations or other regulatory instruments required for such intended development and use); and
- (c) if required by a Statutory Authority, the costs of obtaining a Certificate of Compliance or other regulatory instrument with respect to the remediation of the Property to the standards applicable to the intended development and use of the Property for residential purposes including any required remediation, investigations, work, reports or studies and the costs of consultants or of posting any security with the Ministry of Environment in connection therewith.

(the items listed under (a), (b) and (c) are collectively called a "**Claim**"),

which is made or brought against the Purchaser or which the Purchaser may suffer or incur as a result of any Hazardous Substances being present in, on or under the Property on or before the Reference Date or migrating from the Property on or before the Reference Date.

For certainty all references to "Property" in this Section 2 expressly includes any portion or portions of the Property and any parcels into which the Property may be subdivided from time to time in the future.

3. Severability

If any provision of this Indemnity or its application to a particular circumstance shall be held to be invalid or unenforceable, the remaining provisions of this Indemnity or the application to another circumstance shall not be affected and this Indemnity shall be held valid and enforceable to the fullest extent permitted by law.

4. Time of Essence

Time will be of the essence of this Indemnity.

5. No Waiver

No failure or delay on the part of either party in exercising any right, power or privilege under this Indemnity shall operate as a waiver thereof, nor will any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

6. No Collateral Agreements

It is understood and agreed that other than the Purchase and Sale Agreement this Indemnity contains the entire agreement and understanding made between the parties in respect of its subject matter and that this Indemnity may not be modified except by agreement in writing executed by the Purchaser and the Vendor.

7. Assignment of Indemnity

The Vendor and the Purchaser agree that Section 11.1 of the Purchase and Sale Agreement concerning assignment following the Completion Date shall apply to the assignment or partial assignment of this Indemnity, *mutatis mutandis*. In addition, if required as a condition of funding in a written offer to finance from a construction lender, the Vendor will provide the benefit of this Indemnity to the construction lender.

8. Notice of Claim

Upon the Purchaser becoming aware of a Claim that would come within the terms of this Indemnity, the Purchaser will provide written notice to the Vendor as soon as practicable.

9. Remediation of Hazardous Substances

Provided that the Vendor fulfils its obligations contained in this Indemnity, the Purchaser will, in consultation with the Vendor, act in a commercially reasonable manner to remediate any Hazardous Substances that gave rise to a Claim, in a timely and cost efficient manner.

10. Enforceability

The Vendor covenants that this Indemnity has been approved and is binding on the Vendor and that the Vendor's representation and warranty in Section 4.2 (f) of the Purchase Agreement shall apply to the approval of this Indemnity.

11. Governing Law

This Indemnity shall be governed by and construed in accordance with the laws of the Province of British Columbia

12. Further Assurances

Each of the parties shall at all times and from time to time and upon reasonable request do, execute and deliver all further assurances, acts and documents for the purpose of evidencing and giving full force and effect to the covenants, agreements and provisions in this Indemnity.

13. Notices

Any demand or notice which may be given pursuant to this Indemnity will be in writing and delivered, sent by facsimile or sent by postage prepaid mail and addressed to the parties as follows:

to the Purchaser:

Holborn Properties Ltd.
Suite 10, 698 Seymour Street
Vancouver, BC V6B 3K6
Attention: Joo Kim Tiah
Facsimile: 604-688-8387 Ext. 116

with a copy to:

Fasken Martineau DuMoulin LLP
2900 - 550 Burrard Street
Vancouver, BC V6C 0A3
Attention: Allison M. MacInnis
Facsimile: 604-632-3154

to the Vendor:

Provincial Rental Housing Corporation
601 - 4555 Kingsway
Burnaby, BC V5H 4V8
Attention: Manager, Real Estate Services
Facsimile: 604-439-4726

with a copy to:

Singleton Urquhart LLP
1200 - 925 West Georgia Street
Vancouver, BC V6C 3L2
Attention: John H. Fraser
Facsimile: 604-682-1283

or at such other address as either party may specify in writing to the other. The time of giving and receiving any such notice will be deemed to be on the day of delivery or transmittal if delivered or sent by facsimile, or on the third Business Day after the mailing if sent by mail. In the event of any disruption of main services, all notices shall be delivered or sent by facsimile.

14. Expiration

The obligations contained in this Indemnity shall continue and shall bind the parties until such time as the development of the Property has been completed.

15. Remedies Cumulative

The rights of the parties under this Indemnity are in addition to any other remedies available to the parties under the Purchase and Sale Agreement and under any applicable statute, at common law or in equity.

16. Counterparts

This Indemnity may be executed and delivered in any number of counterparts, each of which, when executed and delivered either in original or facsimile or other electronic form, is deemed to be an original and all of which taken together constitute one and the same document

IN WITNESS WHEREOF the parties hereto have executed this Indemnity with effect as of the Reference Date.

PROVINCIAL RENTAL HOUSING CORPORATION

Per: _____
Authorized Signatory

HOLBORN PROPERTIES LTD.

Per: _____
Authorized Signatory

AMENDMENT
PURCHASE AND SALE AGREEMENT

THIS AMENDING AGREEMENT is dated for reference the 30th day of April, 2012.

BETWEEN:

PROVINCIAL RENTAL HOUSING CORPORATION

1701 – 4555 Kingsway
Burnaby, BC V5H 4V8

(the “Vendor”)

AND:

HOLBORN PROPERTIES LTD.

Suite 10, 698 Seymour Street
Vancouver, BC V6B 3K6

(the “Purchaser”)

WHEREAS:

- A. The Vendor and Purchaser entered into the Purchase and Sale Agreement dated for reference the 25th day of April, 2008; and
- B. The Vendor and Purchaser wish to delay the termination of the residential tenancies currently existing on the Property and have agreed to amend the Purchase and Sale Agreement on the terms and conditions set forth in this Amending Agreement.

NOW THEREFORE, in consideration of the mutual covenants hereinafter reserved and contained, the parties agree as follows:

- 1. All terms capitalized herein and not otherwise defined in this Amending Agreement shall have the same meanings as ascribed to such terms in the Purchase and Sale Agreement.
- 2. Section 3.2 of the Purchase and Sale Agreement is deleted and the following is substituted therefore:

“3.2 Possession.

Subject to the Vendor having access to the Property in order to fulfill its obligations under subsections 4.1(d), 4.1(e), 4.1(f) and 4.1(g), the

Vendor will deliver to the Purchaser possession of the Property free from all liens, claims, charges, encumbrances and legal notations other than the Permitted Encumbrances on the Completion Date.

3. Subsection 4.1(c) of the Purchase and Sale Agreement is deleted and the following is substituted therefore:

"4.1(c) not deliver any notices terminating the residential tenancies relating to the Property earlier than August 31, 2012 but no later than the Completion Date, and not permit any other occupation of the Property prior to the Completion Date;"

4. Subsection 4.1(d) of the Purchase and Sale Agreement is amended by deleting the words "as soon as it is able to do so using commercially reasonable efforts, but in any event prior to the Completion Date," and substituting the words "on or before June 30, 2013,".
5. Subsection 4.1(e) of the Purchase and Sale Agreement is amended by deleting the words "as soon as it is able to do so using commercially reasonable efforts, but in any event prior to the Completion Date," and substituting the words "on or before June 30, 2013,".
6. Subsection 4.1(f) of the Purchase and Sale Agreement is amended by deleting the words "Completion Date" in the two places that it occurs and by substituting the words "June 30, 2013,".
7. Subsection 4.1(g) of the Purchase and Sale Agreement is amended by deleting the words "as soon as it is able to do so using commercially reasonable efforts, but in any event prior to the Completion Date," and substituting the words "on or before June 30, 2013,".
8. The following subsection 4.1(m) is added to the Purchase and Sale Agreement:

"4.1(m) prior to the Vendor, and/or its authorized agents and contractors, entering upon the Property during the period commencing on the Completion Date and ending on June 30, 2013, for the purpose of fulfilling its obligations under subsections 4.1(d), 4.1(e), 4.1(f) and 4.1(g) the Vendor and the Purchaser will execute and deliver the License Agreement attached hereto as Schedule D"

9. The Purchase and Sale Agreement is amended by adding a Schedule "D" as attached to this Amending Agreement which shall hereafter form a part of the Purchase and Sale Agreement.
10. The Purchase and Sale Agreement remains unchanged except as amended hereby and as amended hereby remains in full force and effect. The Vendor and Purchase shall perform and observe the covenants, provisos and stipulations in the Purchase and Sale Agreement, as amended, as fully as if such covenants, provisos and stipulations had been repeated therein.
11. This Amending Agreement enures to the benefit of and binds the Vendor and its successors and assigns, and the Purchaser and its successors and permitted assigns.
12. This Amending Agreement may be executed in counterparts and delivered by email or facsimile transmission.

IN WITNESS TO THIS AMENDING AGREEMENT, the Vendor and Purchaser have executed this Amending Agreement as provided below.

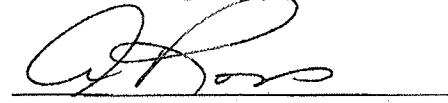
PROVINCIAL RENTAL HOUSING CORPORATION

by its authorized signatory(ies)

Per:


Authorized Signatory

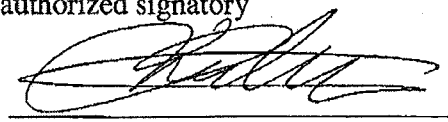
Per:

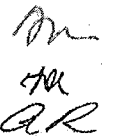

Authorized Signatory

HOLBORN PROPERTIES LTD.

by its authorized signatory

Per:


Authorized Signatory


AR

SCHEDULE D

LICENSE AGREEMENT

THIS LICENSE AGREEMENT is effective as of the 1st day of January, 2013.

BETWEEN:

PROVINCIAL RENTAL HOUSING CORPORATION

1701 – 4555 Kingsway
Burnaby, BC V5H 4V8

(“PRHC”)

AND:

HOLBORN PROPERTIES LTD.

Suite 10, 698 Seymour Street
Vancouver, BC V6B 3K6

(“Holborn”)

WHEREAS:

- A. Holborn is the registered owner of those lands situated in the City of Vancouver legally described as:

PID 002-546-787

Parcel C (Reference Plan 3508) of District Lots 637 and 638 Group 1 New Westminster District

(the “Property”)

- B. PRHC desires to conduct the Work, as defined in Section 3 of this License Agreement on the Property; and
- C. Holborn requires that PRHC execute this License Agreement as a precondition to entering upon the Property to undertake the Work.

NOW THEREFORE this License Agreement witnesses that in consideration of Ten Dollars (\$10) and the covenants and agreements hereinafter contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged and agreed to by each of the parties), the parties covenant and agree each with the other, as follows:

GENERAL/25000.031/1193751.3

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1. **Term**

Holborn hereby grants PRHC a nonexclusive license to enter upon the Property to undertake the Work, from January 1, 2013 to the date the Work is completed or June 30, 2013, whichever occurs first (the "Term").

2. **License Fee and Net License**

No license fee is payable by PRHC for the license granted pursuant to this License Agreement. PRHC acknowledges and agrees that it is intended that this License Agreement will be a completely carefree net agreement for Holborn and that Holborn will not be responsible during the Term for any costs, charges, expenses and outlays of any nature whatsoever, in respect of the carrying out of the Work.

3. **Permitted Use**

PRHC shall, subject to the terms and conditions of this License Agreement, have a license to occupy the Property for the purpose of fulfilling its obligations (the "Work") under subsections 4.1(d), 4.1(e), 4.1(f) and 4.1(g) of the Purchase and Sale Agreement dated for reference the 25th day of April, 2008 between PRHC and Holborn, as amended (the "Purchase Agreement"). PRHC agrees that it shall be the responsibility of PRHC to obtain, at its sole cost and expense, any approvals, consents and permits required to carry out the Work as contemplated by this License Agreement. PRHC shall be responsible for payment of all utilities utilized by PRHC and the use of any machinery, meters or other equipment utilized in respect of the Work.

4. **Non-Exclusive Use**

Notwithstanding anything to the contrary in this License Agreement, PRHC agrees that Holborn shall have, during the Term, the right to enter onto and use for all purposes, the Property in common with PRHC and to grant the right to other parties designated by Holborn, rights to use the Property, provided that the exercise of such rights do not interfere with the exercise by PRHC of its right to carry out the Work as provided hereunder.

5. **Execution of Work**

PRHC agrees that it shall, upon the commencement of the Term, continue to carry out the Work and will use reasonably commercial efforts to complete the Work as soon as possible, in a good and workmanlike manner.* PRHC agrees to provide notice to Holborn of any event or circumstance of which PRHC becomes aware of in the course of the Work that constitutes an offence under or which is reportable under Environmental Laws (as defined in the Purchase Agreement), results in a breach thereof or results in a release of any Hazardous Substance (as defined in the Purchase Agreement). Without limiting the obligation set forth above, PRHC

** and in a manner that minimizes interference
with Holborn's use of the Property.*

GENERAL/25000.031/1193751.3

agrees to keep Holborn notified, by periodic updates, as to the progress of the Work.

6. **Regulations and Bylaws**

PRHC shall, at its own expense, comply with and abide by all laws, bylaws and lawful orders including Environmental Laws relating to the performance of the Work and the occupation of the Property under this License Agreement.

7. **Property Licensed "as is"**

PRHC acknowledges that Holborn has made no representation or warranty as to the state of the Property. Holborn shall not be obliged to furnish services or facilities to the Property to facilitate PRHC in undertaking the Work.

8. **Insurance**

PRHC shall obtain and maintain during the Term comprehensive general liability insurance with a limit of not less than \$5,000,000 and a deductible of not more than \$100,000 indemnifying and protecting the insureds from claims for bodily injury or death to any person or persons or for any loss of or damage to any public or private property occurring within or about the Property arising by virtue of PRHC's occupation of the Property. The insurance policy shall:

- (a) be written on an occurrence basis and include liability assumed under this License Agreement;
- (b) contain a cross liability or severability of interest clause;
- (c) be issued in the joint names of PRHC and Holborn;
- (d) be written in a form acceptable to Holborn and with insurers licensed to do business in the Province of British Columbia;
- (e) be endorsed as follows:

"It is understood and agreed that this policy will not be cancelled, reduced, materially altered or changed without the insurer giving at least thirty (30) days prior written notice to Holborn"; and

- (f) provide that all deductibles be for the account of and be paid by PRHC.

Handwritten initials: AL, M, M

9. Release and Indemnity

9.1 PRHC hereby:

- (a) releases and discharges Holborn and its shareholders, directors, officers, employees, contractors, subcontractors, agents, licensees and invitees (the "Holborn Parties") from and against:
 - (i) all damages, losses, costs, actions, causes of action, claims, demands, builders' liens, liabilities, expenses and direct and consequential damages of any nature whatsoever;
 - (ii) all actions, claims, demands, suits and judgments on account of injury or death occurring in or about the Property including claims or liabilities under workers compensation legislation; and
 - (iii) damage to or loss of property occurring in or about the Property,

(collectively the "Losses") that may arise or accrue to PRHC or its shareholders, directors, officers, employees, contractors, subcontractors, agents, licensees or invitees (the "PRHC Parties") to the extent that such Losses arise from or relate to the use or occupation of the Property by the PRHC Parties or otherwise arise from or relate to the Work or this License Agreement; and
- (b) covenants and agrees to indemnify and save harmless the Holborn Parties from and against all Losses which the Holborn Parties may incur, sustain or be put to arising from or relating to the use or occupation of the Property by the PRHC Parties or otherwise arising from or relating to the Work or this License Agreement.

This release and indemnity will survive the expiry or termination of this License Agreement.

10. No Encumbrances

PRHC shall not suffer or permit any charge or encumbrance, including any claim of Builder's Lien ("Encumbrance") to be filed or registered against the title to the Property by reason of any work, labour, services or materials supplied or claimed to have been supplied to or on the behalf of the PRHC and in the event that such an Encumbrance shall at any time be filed against the Property, PRHC will cause the same to be discharged or vacated within thirty (30) days after the date PRHC first has knowledge of such filing provided that if PRHC fails to discharge such Encumbrance within such period, then, in addition to any other right or remedy of the Holborn, Holborn may, but will not be obligated to, discharge such Encumbrance either by paying the amount claimed to be due thereby, or by

deposit in court or by bonding, and in any such event PRHC will forthwith pay Holborn such amount provided that PRHC will not be required to pay or discharge any such Encumbrance if it gives notice in writing to Holborn of its intent and does in good faith proceed to contest the same by appropriate proceedings and provided that PRHC furnishes a surety bond of a company satisfactory to Holborn in an amount sufficient to pay such contested Encumbrance claim with all interest thereon and court costs and expenses, including reasonable solicitor's fees on a solicitor and client basis.

11. Time is of the Essence

Time will be of the essence of this License Agreement

12. Relationship

The granting of this license will not create a landlord and tenant relationship between Holborn and PRHC nor does this license grant PRHC any interest in the Property. This License Agreement cannot be assigned by PRHC.

IN WITNESS WHEREOF the parties have executed this License Agreement as of the day and year first above written.

PROVINCIAL RENTAL HOUSING CORPORATION

by its authorized signatory(ies)

Per: 

Authorized Signatory

Per: 

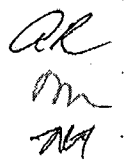
Authorized Signatory

HOLBORN PROPERTIES LTD.

by its authorized signatory

Per: 

Authorized Signatory



AMENDED AND RESTATED
PURCHASE AND SALE AGREEMENT

THIS AGREEMENT is dated for reference the 25th day of April, 2008.

BETWEEN:

PROVINCIAL RENTAL HOUSING CORPORATION

1701 – 4555 Kingsway
Burnaby, BC V5H 4V8

(the “Vendor”)

AND:

HOLBORN PROPERTIES LTD.

Suite 10, 698 Seymour Street
Vancouver B.C. V6B 3K6

(the “Purchaser”)

AND:

**BRITISH COLUMBIA HOUSING MANAGEMENT
COMMISSION**

1701 – 4555 Kingsway
Burnaby, BC V5H 4V8

(the “Commission”)

WHEREAS:

- A. The Vendor is the legal and beneficial owner of the Property;
- B. The Vendor and the Purchaser entered into a Purchase and Sale Agreement dated for reference the 25th day of April, 2008 (the “2008 Agreement”);
- C. The Vendor and the Purchaser entered into an amendment to the 2008 Agreement dated for reference the 25th day of April, 2012 (the “Amending Agreement”); and
- D. The Vendor and the Purchaser have agreed to amend and restate the 2008 Agreement, as amended by the Amending Agreement, on the terms set out herein.

NOW THEREFORE, in consideration of the premises and the mutual covenants, agreements, conditions and provisos contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties, the parties covenant and agree with each other as follows:

ARTICLE 1A AMENDING AGREEMENT

1A.1 The Amending Agreement is cancelled in its entirety and has no further force or effect.

ARTICLE 1 DEFINITIONS AND SCHEDULES

1.1 Definitions.

The following terms will have the following meanings:

- (a) “Business Day” means a day that is not a Saturday or Sunday nor a day that land title offices in British Columbia are closed;
- (b) “Commission’s Mortgage” has the meaning given to it in section 9.1 hereof;
- (c) “Completion Date” means, unless otherwise agreed in writing by the parties, July 2, 2013;
- (d) “Construction Loan” has the meaning given to it in section 9.1 hereof;
- (e) “Environmental Law” means any applicable federal, provincial, municipal or local law, statute, ordinance, code, by-law, regulation, rule, order, directive, decision, policy, instruction, guideline or decree regulating, relating to or imposing liability or standards of conduct concerning any environmental matter, occupational health and safety or the manufacture, processing, distribution, use, treatment, storage, disposal, packaging, transport, handling, containment, clean-up or other remediation or corrective action of Hazardous Substances including, but not limited to, matters related to air pollution, water pollution, noise control, or hazardous material and any similar, replacement, amendment or supplemental act and all regulations, orders or decrees, now or hereafter made pursuant to any of the foregoing;
- (f) “Existing Tenants” has the meaning given in section 3.2A hereof;
- (g) “Gross Floor Area” means the total floor area as determined by the City of Vancouver when enforcing the zoning by-law for the Property;
- (h) “Hazardous Substances” collectively means, without limitation, contaminants, pollutants or other substances, products, materials or goods which are hazardous or dangerous to human, animal or plant health or life or the environment, and, in particular, includes substances, products, materials, or goods which are defined as hazardous substances or special waste in or pursuant to any law, regulation or order of any Statutory Authority;
- (i) “Knowledge” and “knowledge” means, with respect to any covenant, agreement, representation or warranty made by the Vendor or Purchaser, as applicable, the knowledge such party would have if it made due and diligent review of its file

records and inquiry of its directors, officers and senior employees who are reasonably considered to have knowledge of the matter in question;

- (j) "Leased Area" has the meaning given to it in section 3.2A hereof;
- (k) "Non-Market Housing" has the meaning given to it in the Section 219 Covenant;
- (l) "Non-Market Housing Parcels" has the meaning given to it in the Section 219 Covenant;
- (m) "Non-Market Housing Unit" has the meaning given to it in the Section 219 Covenant;
- (n) "Permitted Encumbrances" means those charges, encumbrances and legal notations set out in Schedule A attached hereto, together with those charges, encumbrances and legal notations that are approved by the Vendor, acting reasonably, and Purchaser relating to the development of the Property;
- (o) "Property" means the real property legally described as PID 002-546-787, Parcel C (Reference Plan 3508) of District Lots 637 and 638, Group 1 New Westminster District;
- (p) "Property Reports" means:
 - (i) Report on the Stage 1 Preliminary Site Investigation respecting Little Mountain Housing, 10 East 33rd Avenue, Vancouver BC, prepared by Golder Associates for the Vendor and dated May 8, 2007;
 - (ii) Report on the Limited Scope Phase II Environmental Site Assessment Conducted at the Little Mountain Housing Complex located at the Northwest Corner of 37th Avenue and Main St, Vancouver BC, prepared by Golder Associates for the Vendor and dated October 18, 2007;
 - (iii) Letter dated November 7, 2007 from Golder Associates to the Vendor respecting "Clarification of the Findings of the Limited Scope Phase II Environmental Site Assessment, Little Mountain Housing, Vancouver, BC";
 - (iv) Report on Hazardous Building Materials Survey Little Mountain Housing Complex located at the Northwest Corner of 37th Avenue and Main St, Vancouver BC, prepared by Golder Associates for the Vendor and dated May 10, 2007;
 - (v) Report on Preliminary Geotechnical Assessment, BC Housing Redevelopment Site, 33rd Avenue and Main Street, prepared by Golder Associates for the Vendor and dated May 9, 2007;
 - (vi) Tree Report dated December 28, 2007 prepared by Froggers Creek Tree Consultants Limited; and

- (vii) Final Expert Report on the archaeological potential of the Property dated May, 2007 prepared by Golder Associates.
- (q) "Purchase Price" means the amount set out in section 2.2;
- (r) "Purchaser's Solicitors" means Fasken Martineau DuMoulin LLP;
- (s) "Section 219 Covenant" means the Section 219 Covenant in favour of the Vendor substantially in the form attached hereto as Schedule B setting out the terms and conditions pursuant to which the Purchaser will construct and transfer to the Vendor or the Vendor's nominee, the Non-Market Housing;
- (t) "Statement of Adjustments" has the meaning given to it in section 7.1(c);
- (u) "Statutory Authority" means any federal, provincial, regional, municipal, or other government or authorized agency, department or ministry thereof, which has jurisdiction with respect to any matter referred to in this Agreement;
- (v) "Transfer" has the meaning set out in paragraph 7.1(a);
- (w) "Vendor's Mortgage" means a collateral mortgage substantially in the form attached hereto as Schedule C to secure the payment of the unpaid balance of the Purchase Price as set out in paragraph 2.3(c); and
- (x) "Vendor's Solicitors" means Singleton Urquhart LLP.

1.2 Schedules

Schedule A – Permitted Encumbrances – see subsection 1.1(n)
 Schedule B – Section 219 Covenant – see subsection 1.1(s)
 Schedule C – Vendor's Mortgage – see subsection 1.1(w)
 Schedule D – Purchaser's License Agreement – see subsection 3.2(a)
 Schedule E – Leased Area – see subsection 3.2A(a)
 Schedule F – Commission's Mortgage – see subsection 9.1(d)

ARTICLE 2 PURCHASE PRICE AND PAYMENT

2.1 Agreement.

The Purchaser hereby agrees to purchase the Property from the Vendor, and the Vendor agrees to sell the Property to the Purchaser, free and clear of all liens, charges and encumbrances other than the Permitted Encumbrances, subject to and on the terms and conditions set forth herein, the Section 219 Covenant and the Vendor's Mortgage. For greater certainty, the Vendor and the Purchaser agree that this Agreement replaces and supersedes the 2008 Agreement and the Amending Agreement which following the execution of this Agreement shall thereafter have no force and effect.

2.2 Purchase Price.

The Purchase Price will be \$333,957,340, of which \$245,957,340 will be allocated to the Property and \$88,000,000 will be allocated to the Non-Market Housing referred to in section 2.3(c)(i).

2.3 Payment of Purchase Price.

The Purchase Price will be paid as follows:

- (a) as to \$20,000,000, which amount has already been paid by the Purchaser and received by the Vendor;
- (b) as to \$10,000,000 by payment of such amount by the Purchaser to the Vendor on December 31, 2012; and as to \$5,000,000 by payment of such amount by the Purchaser to the Vendor on the Completion Date; and
- (c) the balance of the Purchase Price being \$298,957,340, subject to the adjustments made pursuant to section 3.3, will be paid as follows:
 - (i) \$88,000,000, which amount will not bear interest. The Purchaser will receive a credit against the \$88,000,000 equal to \$376,068.38 for each Non-Market Housing Unit transferred to the Vendor. Such credit will be applied on the date that each Non-Market Housing Unit is transferred to the Vendor, or the Vendor's nominee, free and clear of all financial encumbrances. Such credit is not subject to adjustment for the actual cost of the Non-Market Units. The unpaid balance of the \$88,000,000 will become due and be payable on December 31, 2050;
 - (ii) \$210,957,340, subject to the adjustments made pursuant to section 3.3 (the "Remaining Balance") will not bear interest until December 31, 2021 and thereafter will bear interest, calculated and paid monthly on the last day of each month, at the rate equal to the monthly Prime Corporate Paper Rate (one month) published by the Bank of Canada. In the event that the Purchaser commences the construction of the Non-Market Housing Units on or before May 1, 2013 (as evidenced by the issuance of a building permit, partial building permit or excavation permit by the City of Vancouver and the commencement of construction), and is compliant with the provisions of the Section 219 Covenant, the Remaining Balance will not bear interest, calculated as aforesaid, until December 31, 2026;
 - (iii) \$5,000,000 on account of the Remaining Balance on December 31, 2013;
 - (iv) periodic payments on account of the Remaining Balance, to an aggregate total of the Remaining Balance, less the \$5,000,000 payable on December 31, 2013, will be due on the earlier of forty-five (45) days after an occupancy permit has been obtained for each improved parcel, or part thereof, of the proposed development of the Property (excluding the Non-Market Housing Units), or upon title to each improved or unimproved

parcel forming part of the Property (excluding the Non-Market Housing Units) being transferred to a third party.

- (v) except as set out in subsection 2.3 (c)(vi), each periodic payment in subsection 2.3 (c)(iv) will be calculated using the formula

$$P = (R+L)(C/T) - S$$

where,

P = periodic payment

R = \$210,957,340, subject to the adjustments made pursuant to section 3.3

L = total construction loan as per Article 9 outstanding and on account of the portions of the Non-Market Housing Parcels transferred to the Vendor on the dates the transfers occurred

C = cumulative Gross Floor Area as at the date of the periodic payment which is equal to the total of:

1. the Gross Floor Area for all improved parcels for which an occupancy permit has been obtained (excluding the Non-Market Housing Units); and
2. the Gross Floor Area permitted to be developed by the zoning by-law for all parcels transferred to a third party for which no occupancy permit has been obtained.

T = total Gross Floor Area permitted by the zoning bylaw relating to the Property on the Completion Date, excluding:

1. the Non-Market Housing Unit Gross Floor Area which shall be deemed to be 275,000 square feet; and
2. any Gross Floor Area permitted as of the Completion Date by way of density bonus which will not be used for construction on the Property and which, prior to the first periodic payment, has been transferred to a third party or to another property owned by the Purchaser.

(Notwithstanding that the definition of "T" deems the area of the Non-Market Housing Unit Gross Floor Area to be 275,000 square feet, it is agreed that this deeming is for the purposes of the formula contained in this section 2.3(c)(v) only and the actual completed area of the Non-Market Housing Unit Gross Floor Area may be less than 275,000 square feet.)

S = sum of all previous periodic payments made on account of the Remaining Balance, including payment made pursuant to subsection 2.3(c)(iii), and the Construction Loan, excluding any additional prepayments made pursuant to subsection 2.3(c)(ix).

For example:

- 100,000 square feet of Gross Floor Area still owned by the Purchaser has been improved. Occupancy permits were obtained and this parcel was subject to a previous periodic payment.
- 600,000 square feet of Gross Floor Area has been improved and sold to third parties. Occupancy permits were obtained and this parcel was subject to a previous periodic payment.
- 200,000 square feet of Gross Floor Area has been allocated to unimproved parcels that have been transferred to third parties. This parcel was subject to a previous periodic payment.
- 90,000 square feet of Gross Floor Area has been improved and is being sold to third parties. Occupancy permits have been obtained and this parcel is the subject of the current periodic payment.
- The total Gross Floor Area permitted by the zoning bylaw relating to the redevelopment of the Property on the Completion Date was 1,875,000 square feet.
- Prior to the current periodic payment, the Purchaser transferred Non-Market Housing Parcels to the Vendor and for which the construction loan outstanding on the dates that those Non-Market Housing Parcels were transferred to the Vendor was \$60,000,000. In addition, the Vendor has advanced \$5,000,000 on account of a construction loan for another Non-Market Housing Parcel which is still under construction and has not yet been transferred to the Vendor.
- The sum of all previous payments on account the Remaining Balance prior to the periodic payment are ~~\$104,062,500~~ **\$152,413,503**
- The periodic payment would be determined as follows:

$$R = 210,957,340$$


$$L = 60,000,000$$


$$C = 100,000 + 600,000 + 200,000 + 90,000 = 990,000$$

$$T = 1,875,000 - 275,000 = 1,600,000$$



$$P = (210,957,340 + 60,000,000)(990,000/1,600,000) = 104,062,500 =$$


~~\$63,592,354~~
~~\$15,241,350~~


~~\$152,413,503~~

- (vi) when the amount defined as "C" in subsection 2.3(c)(v) (i.e., the cumulative Gross Floor Area) is ninety-five percent (95%) or more of the amount defined as "T" in subsection 2.3(c)(v) (i.e., the total Gross Floor Area permitted by the zoning bylaw), then the Remaining Balance will become due and payable, provided however, that such payment will not be required at that time if the Purchaser is proceeding to construct additional improvements on the Property that would, when an occupancy permit is obtained, result in the payment of the unpaid portion of the Remaining Balance;
- (vii) in no event will the Vendor be required to make a re-advance on account of the Remaining Balance;
- (viii) in any event, the unpaid Remaining Balance will become due and be payable on December 31, 2031;
- (ix) the Purchaser may pre-pay without penalty or fee any or all of the unpaid Remaining Balance at any time and from time to time; and
- (x) the periodic payments will be applied first to the repayment of principal and interest on the Construction Loan and second, following repayment of all principal and interest on the Construction Loan, to the payment of principal and interest (if any) on the Remaining Balance.

2.4 Security for Unpaid Portion of the Purchase Price

As security for the payment of the balance of the Purchase Price, being 298,957,340, the Purchaser will execute and deliver the Vendor's Mortgage to the Vendor's Solicitors for registration against the title to the Property as a first financial charge concurrently with the Transfer conveying the Property to the Purchaser, on the Completion Date. If requested by the Purchaser, the Vendor's Mortgage shall be prepared as two mortgages, one for the \$88,000,000 attributable to the value of the Non-Market Housing referred to in section 2.3(c)(i) and one for the Remaining Balance of \$210,957,340 attributable to the value of the Property.

2.5 Priority for Third Party Construction Financing

The Vendor will grant priority to the mortgages and charges of one or more lenders securing construction financing for the development of the Property provided that the terms of such mortgages and charges are consistent with the then prevalent market for similar loans for similar projects to borrowers having similar creditworthiness to the Purchaser, and further provided that the holders of such mortgages and charges permit the credits and partial payments to the Vendor pursuant to Section 2.3(c) and will provide a partial discharge of its mortgages and charges over the Non-Market Housing Parcels as defined in the Section 219 Covenant.

ARTICLE 3 COMPLETION, POSSESSION AND ADJUSTMENTS

3.1 Completion.

The completion of the purchase and sale of the Property contemplated by this Agreement will occur on the Completion Date, or such other date as may be agreed to in writing by the parties, and the place of closing will be the offices of the Purchaser's Solicitors at 2900 – 550 Burrard Street, Vancouver, British Columbia, V6C 0A3.

3.2 Possession.

Subject to section 3.2A, the Vendor will deliver to the Purchaser possession of the Property free from all liens, claims, charges, encumbrances and legal notations other than the Permitted Encumbrances on the Completion Date or at the option of the Purchaser, exercised by written notice to the Vendor not later than April 15, 2013, on May 1, 2013. In the event that the Purchaser exercises its option to take possession of the Property on May 1, 2013:

- (a) the Vendor and the Purchaser will exercise and deliver the Purchaser's License Agreement attached hereto as Schedule D; and
- (b) the Purchaser will provide the Vendor with proof of insurance as provided for in section 6.1 of the Purchaser and Sale Agreement.

3.2A Existing Tenants

Notwithstanding section 3.2 above, the Vendor and the Purchaser agree that the four (4) existing non-market housing tenants of the Vendor (the "Existing Tenants") will remain on the Property following the Completion Date and that their continued occupation and their relocation to new non-market housing will proceed as follows:

- (a) effective on the Completion Date, the Purchaser will grant to the Vendor a lease (the "Lease") in the form attached hereto as Schedule E of the building and surrounding lands on the Property in which the Existing Tenants reside (the "Leased Area");
- (b) the Vendor will continue to provide residential premises to the Existing Tenants in the building on the Leased Area and will be responsible for all obligations as landlord to such tenants, whether by agreement or under applicable law or regulation;
- (c) following construction of appropriate Non-Market Housing Units by the Purchaser and their transfer to the Vendor pursuant to the Section 219 Covenant, the Vendor will relocate the Existing Tenants to such Non-Market Housing Units, working co-operatively to ensure minimal impact on the Purchaser's ongoing development of the Property;
- (d) following the relocation as provided in paragraph (c), the Vendor will immediately commence to complete its obligations under subsection 4.1(d), subsection 4.1(e), subsection 4.1(f) and subsection 4.1(g) with respect to the

demolition of improvements on the Leased Area and remediation of the Leased Area and shall complete such obligations as soon as it is able to do so using commercially reasonable efforts but not later than twelve (12) months following the relocation as provided in paragraph (c); and

- (e) immediately following completion of its obligations in paragraph (d) above, the Vendor shall forthwith deliver to the Purchaser a surrender of its rights under the Lease and deliver vacant possession of the Leased Area.

3.3 Adjustments.

All adjustments, both incoming and outgoing, will be made as of the Completion Date and the payment due on the Completion Date pursuant to subsection 2.3(b) will be adjusted accordingly. The Purchaser will receive a credit in the amount of \$14,000,000. The \$14,000,000 credit will decrease the Remaining Balance set out in subsection 2.3(c)(ii).

3.4 Risk.

The Property shall be at the risk of the Vendor up to the time at which the Transfer is submitted for registration at the Land Title Office on the Completion Date, and shall be at the risk of the Purchaser from and after such time.

3.5 Damage

If, prior to the time at which the Transfer is submitted for registration at the Land Title Office, any damage occurs to the Property, other than the demolition referred to in Section 4.1(d), the Vendor shall forthwith repair the Property.

ARTICLE 4 VENDOR'S COVENANTS AND REPRESENTATIONS AND WARRANTIES

4.1 Vendor's Covenants.

The Vendor covenants and agrees that it will:

- (a) effective as of the Completion Date, assign to the Purchaser all contracts which relate to the Property which are assignable and which the Purchaser agrees in writing to assume, and to cancel and terminate all other contracts which relate to the Property;
- (b) execute, or cause to be executed, and return to the Purchaser or the Purchaser's Solicitors as soon as is reasonably possible, and in any event within 7 days of receiving a request, all consents or letters of authority which are necessary for the Purchaser to conduct such searches, and obtain such information, reports and advice, with respect to the Property and the Vendor as it determines to be necessary;
- (c) subject to section 3.2A, terminate all residential tenancies and occupation of the Property as soon as it is able to do so using commercially reasonable efforts, but

in any event prior to the Completion Date, and not permit any other occupation of the Property prior to the Completion Date;

- (d) save and except as to the Leased Area, as soon as it is able to do so using commercially reasonable efforts, but in any event prior to the Completion Date, and in accordance with all laws, including Environmental Laws, demolish all existing improvements, including roadways and walkways on or in the Property, leaving the Property in a clean and level condition and in so doing will make commercially reasonable efforts to qualify for three (3) LEED points, but in any event, will qualify for two (2) LEED points;
- (e) save and except as to the Leased Area, as soon as it is able to do so using commercially reasonable efforts, but in any event prior to the Completion Date, and in accordance with all laws, remove all underground storage tanks on the Property and remediate in compliance with Environmental Laws all Hazardous Substances resulting from or in connection with such storage tanks or any leakage from or in connection with such storage tanks to thresholds or standards applicable to the intended development and use of the Property for residential purposes;
- (f) save and except as to the Leased Area, without limiting the Vendor's obligations set out in subsections 4.1(d) and 4.1(e), remediate in compliance with Environmental Laws all Hazardous Substances in, on or under the Property that are identified by any person prior to the Completion Date, to thresholds or standards applicable to the intended development and use of the Property for residential purposes together with Hazardous Substances that have been identified prior to the Completion Date and which have migrated off the Property to thresholds or standards applicable to the use of the property affected by such migration;
- (g) as soon as it is able to do so using commercially reasonable efforts, but in any event prior to the Completion Date, obtain a Certificate of Compliance or other regulatory instrument acceptable to the Purchaser with respect to the demolition and remediation of the Property, pursuant to subsections 4.1(d) and 4.1(e), to the standards applicable to the intended development and use of the Property for residential purposes; provided that if a Certificate of Compliance or other regulatory instrument acceptable to the Purchaser is not available prior to the Completion Date for the Leased Area, then the obligation in this paragraph (g) to deliver a Certificate of Compliance with respect to the Leased Area shall be completed by the Vendor as provided in subsection 3.2A(d) herein;
- (h) within 120 days after the date of this Agreement, provide a site profile of the Property under the *Environmental Management Act* (British Columbia);
- (i) provide to the Purchaser copies of any studies, reports, surveys or other information relating to the Property obtained or prepared by the Vendor or third party consultants (including with respect to any geotechnical, environmental, archaeological or aboriginal matters) and any orders, directives or requests from

any governmental authority having jurisdiction regarding or in any manner respecting the Property which are obtained or prepared after April 25, 2008;

- (j) provide all information reasonably required by the Purchaser in respect of the Non-Market Housing and the construction of the Non-Market Housing Units;
- (k) provided that the Purchaser is not then in default of its obligations contained herein, or its obligations contained in the Section 219 Covenant, Vendor's Mortgage or Commission's Mortgage prior to completion of a transfer from the Purchaser to a third party of:
 - (i) an interest in a portion of the Property for which an occupancy permit has been obtained, execute and deliver to the Purchaser's Solicitors within three Business Days after request from the Purchaser, a registrable discharge by the Vendor of the Section 219 Covenant, the Vendor's Mortgage and the Commission's Mortgage registered against such interest, on undertakings that are consistent with usual conveyancing practice relating to the payment of the periodic payments referred to in section 2.3(c)(iv);
 - (ii) an interest in a portion of the Property for which an occupancy permit has not been obtained, execute and deliver to the Purchaser's Solicitors within three Business Days after request from the Purchaser, a registrable discharge by the Vendor of the Vendor's Mortgage and the Commission's Mortgage registered against such interest, on undertakings that are consistent with usual conveyancing practice relating to the payment of the periodic payments referred to in section 2.3(c)(iv);
 - (iii) an interest in a portion of the Property if the interest being transferred is in satisfaction of a community or other similar amenity or for roads, utilities or other like services, which are conditions of, the development of the Property, and deliver to the Purchaser's Solicitors within three Business Days after request from the Purchaser, a registrable discharge by the Vendor of the Section 219 Covenant, the Vendor's Mortgage and the Commission's Mortgage registered against such interest; and
- (l) the Vendor shall indemnify and save harmless the Purchaser and its officers, directors, employees and agents, and their heirs, executors, administrators, personal representatives, successors and assigns, from and against all claims, assertions, demands, actions, causes of action, damages, losses, deficiencies, costs (including legal costs on a solicitor and own client basis), liabilities and expenses which may be made or brought against any of them or which any of them may suffer or incur as a result of, in respect of, or arising out of or in relation to any Aboriginal right, title or jurisdiction, Aboriginal treaty right or failure of consultation or accommodation is made relating to the Property by any aboriginal peoples, including an aboriginal person, provided that the Purchaser delivers to the Vendor a notice of such claim or right in a timely manner after it becomes aware of such claim or right.

4.2 Representations and Warranties.

The Vendor represents and warrants to the Purchaser as representations and warranties that are true at the date hereof and will be true on the Completion Date and that are to continue and to survive the purchase of the Property by the Purchaser regardless of any independent investigations that the Purchaser may cause to be made that, subject to the limitations, if any, expressed herein:

- (a) the Vendor will have good and marketable legal and beneficial title to the Property, free and clear of all liens, claims, charges, encumbrances and legal notations other than the Permitted Encumbrances;
- (b) the Vendor is a body corporate duly incorporated and validly existing under the laws of British Columbia and is duly qualified to own and sell the Property and has full power, authority and capacity to enter into this Agreement and to carry out the transactions contemplated herein and to perform its obligations hereunder;
- (c) the Vendor is in good standing with the Office of the Registrar of Companies for British Columbia and has made all necessary filings required by the *Business Corporations Act* (British Columbia);
- (d) all necessary corporate action on the part of the directors of the Vendor has been taken to authorize and approve the execution and delivery of this Agreement and the completion of the transactions contemplated herein and to perform its obligations hereunder;
- (e) to the Knowledge of the Vendor, there is no order, direction, notice, action, suit, claim, litigation or proceeding pending or threatened against the Vendor or in respect of the Property before any court, arbitrator, arbitration panel, administrative tribunal or agency which, if decided adversely to the Vendor, might adversely affect the Vendor's ability to perform any of the Vendor's obligations hereunder and no state of fact exists which could constitute the basis of any such order, direction, notice, action, suit, claim, litigation or proceeding;
- (f) the Vendor has obtained all approvals required pursuant to the Financial Administration Act (including the Guarantees and Indemnities Regulation) required in respect of this Agreement, including the indemnity in subsection 4.1(l);
- (g) no consent or approval of or registration, declaration or filing with any governmental commission, board, court or other regulatory body is required for the execution or delivery of this Agreement by the Vendor, the validity or enforceability of this Agreement against the Vendor, or the performance by the Vendor of any of the Vendor's obligations hereunder;
- (h) neither the Vendor entering into this Agreement nor the performance by the Vendor of the terms hereof will result in the breach of or constitute a default under any term or provision of any indenture, mortgage, deed of trust, or other agreement to which the Vendor is bound or subject;

- (i) the Vendor has no indebtedness to any person that might by operation of law or otherwise now or hereafter constitute a lien, charge or encumbrance on the Property or that might affect the Purchaser's right from and after the Completion Date to own, occupy and obtain revenue from the Property, other than the Permitted Encumbrances;
- (j) the Vendor is not a "non-resident" of Canada for the purposes of the *Income Tax Act* (Canada);
- (k) to the Knowledge of the Vendor, the Property Reports are the only material reports relating to the Property that have been requisitioned during the past three years and the Vendor has not failed to disclose in writing to the Purchaser any studies, reports, surveys or other information concerning the Property, including those respecting geotechnical, environmental, archaeological, aboriginal, and zoning or proposed zoning matters, which would have a material effect on the Purchaser's decision to purchase the Property;
- (l) the Vendor is not party to any collective bargaining agreement or other agreement with a trade union by which the Purchaser shall be bound by virtue of acquiring the Property;
- (m) the Vendor shall have no employees employed on or in connection with the Property whose employment cannot lawfully be terminated on or before the Completion Date; and
- (n) all municipal taxes, rates, levies and assessments in respect of the Property have been paid in full, and the Vendor has no present or future obligation to pay moneys to any Statutory Authority in connection with offsite roads, services, utilities or like charges.

4.3 No Limitation.

The covenants and agreements contained in section 4.1 and the representations and warranties contained in section 4.2 shall survive the Completion Date and will continue in full force and effect until such time as the last of the representations, warranties, covenants and agreements in the Section 219 Covenant in favour of the Vendor (being "PRHC" as defined in the Section 219 Covenant) expires, provided however that the covenant of the Vendor set out in section 4.1(l) shall survive indefinitely. After the relevant time for expiry, the covenants, agreements, representations and warranties that have expired will be of no further force or effect, except in respect of claims made by the Purchaser, written notice of which was provided to the Vendor prior to such date.

ARTICLE 5

PURCHASER'S COVENANTS, REPRESENTATIONS AND WARRANTIES

5.1 Purchaser's Covenants.

The Purchaser covenants and agrees that it will with reference to the Musqueam Indian Band, effective after the Completion Date:

- (a) employ Musqueam members during the construction of the improvements to the Property where suitably qualified Musqueam workers are available;
- (b) award contracts to suitably qualified Musqueam members and to businesses controlled by the Musqueam or Musqueam members where the contract is competitively priced and includes terms and conditions which are commercially reasonable in the circumstances;
- (c) retain an archaeologist approved by the Musqueam to monitor the excavation of the Property and oversee the preservation of any Aboriginal artifacts that are found on the Property;
- (d) consult with the Musqueam and to involve the Musqueam in the construction of the Public Art that will form part of the redevelopment of the Property;
- (e) notify the Musqueam immediately if, during the course of excavation, any Aboriginal artifacts are found on the Property and to follow applicable archaeological protocols with regard to such artifacts,

subject to any future agreements or understandings between the Purchaser and the Musqueam Indian Band for implementation of the foregoing.

5.2 Purchaser's Representations and Warranties.

The Purchaser represents and warrants as representations and warranties that will be true as of the Completion Date as follows:

- (a) the Purchaser is a body corporate duly incorporated and validly existing under the laws of British Columbia and is duly qualified to purchase and own the Property and has full power, authority and capacity to enter into this Agreement and carry out the transactions contemplated herein;
- (b) all necessary corporate action on the part of the directors and shareholders of the Purchaser has been taken to authorize and approve the execution and delivery of this Agreement and the completion of the transaction contemplated herein;
- (c) to the Knowledge of the Purchaser, there is no order, direction, notice, action, suit, claim, litigation or proceeding pending or threatened against the Purchaser before any court, arbitrator, arbitration panel, administrative tribunal or agency which, if decided adversely to the Purchaser, might adversely affect the Purchaser's ability to perform any of the Purchaser's obligations hereunder and

no state of fact exists which could constitute the basis of any such order, direction, notice, action, suit, claim, litigation or proceeding; and

- (d) neither the Purchaser entering into this Agreement nor the performance by the Purchaser of the terms hereof will result in the breach of or constitute a default under any term or provision of any indenture, mortgage, deed of trust or other agreement to which the Purchaser is bound or subject.

5.3 No Limitation

The covenants and agreements contained in section 5.1 and the representations and warranties contained in section 5.2 shall survive the Completion Date and shall continue in full force and effect.

5.4 Basis of Transaction.

Subject only to the covenants, agreements, representations and warranties of the Vendor set forth in this Agreement, the Purchaser acknowledges and agrees with the Vendor that:

- (a) the Vendor has not made any representation or warranty whatsoever as to the suitability of the Property for the Purchaser's intended purposes, or the extent to which the Property complies with applicable zoning, health or safety standards or applicable laws;
- (b) the Vendor has not represented or warranted the accuracy of the information contained in any report, study or document relating to the Property that has been delivered to the Purchaser;
- (c) the Purchaser has assumed and will assume all responsibility for satisfying itself as to all matters relating to the value, state, condition, usefulness, suitability or marketability of the Property; and
- (d) the Purchaser is acquiring the Property on an "as is where is" basis and the Purchaser will not seek, and the Vendor will not make or be required to make, any additional representations, warranties or other assurances with respect to the Property, including, without limitation, the Property's status under Environmental Laws.

ARTICLE 6 MUTUAL COVENANTS

6.1 Inspection of Property

Provided that the Purchaser has delivered to the Vendor evidence of third party liability insurance in an amount not less than \$2,000,000 and on such terms and with an insurer that are acceptable to the Vendor, and upon 24 hours' prior written notice to the Vendor, the Vendor will permit the Purchaser and the Purchaser's employees, engineers, consultants, agents and advisors to enter onto the Property and carry out such inspections, tests, studies, surveys and investigations of the Property, including, but not limited to, geotechnical and environmental site investigations and inquiries, as the Purchaser may reasonably require, including, but not limited

to, taking samples of soils, groundwater and other materials located in, on or under the Property. The Purchaser shall use all reasonable efforts not to unduly interfere with the operations of the Vendor at the Property in carrying out such inspections, tests, studies, surveys and investigations. The Purchaser shall, as may be reasonably required by the Vendor, repair any damage to the Property caused to the Property during such activities. The Purchaser shall cause its directors, officers, employees, engineers, consultants, agents and advisors to keep in strict confidence all information with respect to the Property and the documentation obtained by the Purchaser with respect to the Property until the sale of the Property by the Vendor to the Purchaser is completed, provided that the Purchaser may release such information and documents as the Purchaser considers necessary or reasonable in connection with the development of the Property, including without limitation any rezoning. The Purchaser shall forthwith deliver to the Vendor copies of all documentation obtained by the Purchaser with respect to the Property, together with the results of all inspections, tests, studies, surveys and investigations made by or on behalf of the Purchaser with respect to the Property and provided the Purchaser is not in default hereunder, the Vendor will hold such documents, inspections, tests, studies, surveys and investigations in confidence.

6.2 Development Plan.

Subject to the terms of this Agreement, the Purchaser will proceed in a commercially reasonable manner to prepare a development plan for the Property which plan may be revised from time to time by the Purchaser in its discretion. Prior to the Completion Date, the Vendor will, on a timely basis, provide and ensure the Commission provides all reasonable input requested by the Purchaser relating to:

- (a) the proposed rezoning of the Property; and
- (b) the Non-Market Housing requirements, including identifying the requirements of the Section 219 Covenant that should be reflected in the proposed rezoning.

Any input from the Vendor and the Commission will not be binding on the Purchaser and is intended solely to facilitate the exchange of information with respect to the development of the Property.

6.3 Rezoning.

The Purchaser will, in connection with its application to rezone the Property, participate in the Little Mountain Policy Planning Programme as set out in the City of Vancouver Administrative Report dated May 31, 2007 and approved by Vancouver City Council on July 26, 2007. The Purchaser will, during the Little Mountain Policy Planning Programme and any rezoning applications, seek zoning and other government approvals that are consistent with the obligations of the Purchaser contained in the Section 219 Covenant. Both prior to and following the Completion Date, the Vendor and the Commission will, cooperate with and provide all reasonable assistance and support to the Purchaser in all aspects of the rezoning of the Property, including participating in the Little Mountain Policy Planning Programme.

ARTICLE 7 CLOSING DOCUMENTS

7.1 Closing Documents.

At least two Business Days before the Completion Date, except for the certificate described in (d) below, the Vendor will cause the following items, duly executed by the Vendor as applicable, to be delivered to the Purchaser's Solicitors in trust, to be dealt with pursuant to section 8.3:

- (a) a Form A - Freehold Transfer (the "Transfer") conveying the Property to the Purchaser, subject only to the Permitted Encumbrances;
- (b) a certificate pursuant to Section 116 of the *Income Tax Act* (Canada) confirming that the Vendor is not a non-resident of Canada;
- (c) a statement of adjustments prepared in accordance with section 3.3 (the "Statement of Adjustments");
- (d) a certificate of a senior officer of the Vendor dated as of the Completion Date that each of the warranties and representations of the Vendor set out herein is true and accurate as of the Completion Date, and that the Vendor has complied with its covenants and agreements under this Agreement, except as disclosed therein;
- (e) the GST certificate referred to in section 11.3 if applicable;
- (f) a resolution of the Board of Directors of the Vendor approving this Agreement and the indemnity contained herein;
- (g) a lease of the Leased Area as referred to in section 3.2A hereof;
- (h) a reasonable opinion from the Vendor's Solicitors; and
- (i) such further deeds, acts, things, certificates and assurances as may be required, in the reasonable opinion of the Purchaser's Solicitors, to complete the transactions contemplated by this Agreement, including without limitation, for more perfectly and absolutely assigning, transferring, conveying and assuring to and vesting in the Purchaser, title to the Property free and clear of any lien, claim, charge, encumbrance or legal notation other than the Permitted Encumbrances as contemplated herein.

7.2 Purchaser's Delivery of Closing Documents.

On or before one Business Day before the Completion Date, the Purchaser will cause the Purchaser's Solicitors to deliver to the Vendor's Solicitors in trust the following items, duly executed by the Purchaser, to be dealt with pursuant to section 8.3:

- (a) the Vendor's Mortgage;
- (b) the Commission's Mortgage;
- (c) the Section 219 Covenant;

- (d) a lease of the Leased Area as referred to in Section 3.2 A hereof;
- (e) a Statement of Adjustments;
- (f) a reasonable opinion from the Purchaser's Solicitors; and
- (g) such further deeds, acts, things, certificates and assurances as may be required, in the reasonable opinion of the Vendor's Solicitors, to complete the transactions contemplated by this Agreement.

7.3 Preparation of Closing Documents.

The closing documents contemplated in section 7.1 will be prepared by the Purchaser's Solicitors (to the extent that preparation is required) and delivered to the Vendor's Solicitors five Business Days prior to the Completion Date. The closing documents contemplated in section 7.2 will be prepared by the Vendor's Solicitors (to the extent that preparation is required) and delivered to the Purchaser's Solicitors five Business Days prior to the Completion Date.

ARTICLE 8 CLOSING PROCEDURE

8.1 Payment in Trust.

On or before the Completion Date the Purchaser will pay or cause to be paid to the Purchaser's Solicitors in trust the amount due to the Vendor pursuant to subsection 2.3(b), subject to the adjustments made pursuant to section 3.3.

8.2 Registration.

On the Completion Date, following the payment in section 8.1 and after receipt by the Purchaser's Solicitors of the documents and items referred to in section 7.1 and confirmation from the Vendor's Solicitors of receipt of the documents and items referred to in section 7.2, the Purchaser will cause the Purchaser's Solicitors to conduct a pre-registration index search of the Property at the Land Title Office. If that search indicates that no liens, charges, encumbrances or legal notations have been registered or filed, except for Permitted Encumbrances, the Purchaser's Solicitors shall file the Transfer in the Land Title Office and the Vendor will cause the Vendor's Solicitors to file concurrently in the Land Title Office the Section 219 Covenant, the Vendor's Mortgage and the Commission's Mortgage.

8.3 Closing.

Forthwith following the filing referred to in section 8.2 and upon the Purchaser's Solicitors conducting a post filing registration check of the property index for the Property disclosing only the following:

- (a) the existing title number to the Property;
- (b) the Permitted Encumbrances;
- (c) the pending numbers assigned to the Transfer, the Section 219 Covenant, the Vendor's Mortgage and the Commission's Mortgage; and

- (d) any other charges granted by the Purchaser against the Purchaser's interest in the Property that are consistent with the obligations of the Purchaser contained in this Agreement;

the Purchaser will cause the Purchaser's Solicitors to make available for pick up by the Vendor's Solicitors at the offices of the Purchaser's Solicitors a trust cheque or wire transfer for the amount due to the Vendor pursuant to the Statement of Adjustments and concurrently the Purchaser's Solicitors will be entitled to release the documents referred to in section 7.1 to the Purchaser and the Vendor's Solicitors will be entitled to release the documents referred to in section 7.2 to the Vendor.

8.4 Concurrent Requirements.

It is a condition of this Agreement that all requirements of this Article 8 are concurrent requirements and it is specifically agreed that nothing will be completed on the Completion Date until everything required to be executed, delivered, registered and paid on the Completion Date has been so executed, delivered, registered and paid.

8.5 Undertakings.

The Vendor's Solicitors and the Purchaser's Solicitors may exchange such undertakings as are reasonable and customary among solicitors having experience in such transactions.

ARTICLE 9 OFFER TO FINANCE

9.1 Construction Financing.

The Commission will make available to the Purchaser construction financing (the "Construction Loan") for the Non-Market Housing on terms similar, including security, to what the Commission offers at the time the financing is made available, to non-profit housing societies for similar projects, the particulars of which are as follows:

- (a) principal amount – not to exceed, together with accrued interest, \$88,000,000;
- (b) interest will be charged at the same floating rate as the Commission charges to non-profit societies for similar projects and will be calculated and compounded quarterly, not in advance, and will accrue provided that principal and accrued interest will not exceed \$88,000,000. In the event that principal and accrued interest exceeds \$88,000,000, no further amounts will be advanced by the Commission and the Purchaser will pay interest monthly in arrears;
- (c) upon the date that any portion of the Non-Market Housing Parcels (as defined in the Section 219 Covenant) is transferred to the Vendor, the balance outstanding under the Construction Loan that is allocated to that parcel, will bear interest at the same floating rate as the Commission charges to non-profit societies for similar projects and will be repaid through:
 - (i) interest only payments in arrears paid quarterly; and

- (ii) payments on account of principal in accordance with the calculations set out in subsections 2.3(c)(iv) – (ix), inclusive of this Agreement.
- (d) the Purchaser will grant the Commission a mortgage (the “Commission’s Mortgage”) in the form attached hereto as Schedule F, charging the title to the Property and subordinate to the Vendor’s Mortgage. The Commission’s Mortgage will provide that the Commission will grant priority for construction financing as provided for in section 2.5 of this Agreement; and
- (e) the monthly interest only payments in subsection 9.1 (c)(i) will be calculated with the assumption that all payments made pursuant to subsection 2.3(v) are first applied on the basis set out in subsection 2.3(c)(ix) of this Agreement.

ARTICLE 10 INTERPRETATION

10.1 References.

Any reference in this Agreement to a designated “article”, “section”, “subsection”, “paragraph” or other subdivision is a reference to the designated article, section, subsection, paragraph or other subdivision of this Agreement and the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular article, section, subsection, paragraph or other subdivision of this Agreement.

10.2 Headings.

The headings used in and the organization of this Agreement are solely for convenience of reference and will not in any way affect, limit, amplify or modify the terms hereof and will not be construed in any way in the interpretation hereof to be part of this Agreement.

10.3 Non-limiting.

The word “including”, when following any general statement, will be construed to refer to all other things that could reasonably fall within the scope of such general statement, whether or not non-limiting language (such as “without limitation”) is used with reference thereto.

10.4 Gender and Number.

Words importing the masculine gender include the feminine and neuter genders and words in the singular include the plural, and vice versa.

10.5 Governing Law.

This Agreement and all matters arising hereunder will be governed by and construed in accordance with the laws of British Columbia, which will be deemed to be the proper law hereof, and the courts of British Columbia will have the exclusive jurisdiction to entertain and determine all claims and disputes arising out of or in any way connected with this Agreement and the validity, existence and enforceability hereof.

10.6 Statutes.

Any reference to a statute includes and is a reference to such statute and to the regulations made pursuant thereto, with all amendments made thereto and in force from time to time, and to any statutes or any regulations that may be passed which have the effect of supplementing or superceding such statutes or regulations.

ARTICLE 11 MISCELLANEOUS

11.1 Time.

Time shall be of the essence of this Agreement and shall remain of the essence notwithstanding the extension of any of the dates hereunder.

11.2 No Waiver.

No failure or delay on the part of either party in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11.3 GST.

Any federal goods and services tax ("GST") applicable to the transfer of the Property shall be in addition to, and not included in, the Purchase Price. On or before one Business Day prior to the Completion Date, the Purchaser shall provide the Vendor with a certificate from a senior officer of the Purchaser stating that the Purchaser is registered with Canada Revenue Agency for the purposes of GST and setting out its GST registration number, failing which the Purchaser will pay to the Vendor the GST applicable to the purchase and sale of the Property on the Completion Date.

11.4 Fees and Expenses.

Each party will pay its own legal fees and disbursements. The Purchaser will be responsible for all registration fees and property transfer tax payable in respect of the registration of the Transfer.

11.5 Commission.

The Vendor will be responsible for and will pay all real estate commissions directly to Colliers International. The Vendor represents and warrants that it has not engaged any real estate agent nor broker with respect to the purchase and sale of the Property other than Colliers International.

11.6 Entire Agreement.

This Agreement and the agreements, instruments and other documents entered into pursuant to this Agreement set forth the entire agreement and understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings between the parties with respect to the matters herein and there are no oral or written agreements, covenants,

representations, warranties, terms, conditions or collateral agreements whatsoever, express or implied, other than those contained in this Agreement. For greater certainty, the Vendor and the Purchaser confirm that their non-binding Letter of Intent signed the 8th day of February, 2008 is superseded by, and will cease to have any effect, upon the execution and delivery of this Agreement.

11.7 Registered Documents

Prior to the registration of the Section 219 Covenant, the Vendor's Mortgage and the Commission's Mortgage, the parties will review the documents and, acting reasonably, will delete language that includes information that would be subject to the provisions of section 11.14 of this Agreement, provided that such deletion will not impact the rights and obligations of the parties.

11.8 Amendment.

This Agreement may be amended only by an agreement in writing signed by the parties.

11.9 Further Assurances.

Each of the parties will at all times and from time to time and upon reasonable request do, execute and deliver all further assurances, acts and documents for the purpose of evidencing and giving full force and effect to the covenants, agreements and provisions in this Agreement.

11.10 Notices.

Any demand or notice which may be given pursuant to this Agreement will be in writing and delivered, telecopied or sent by postage prepaid mail and addressed to the parties as follows:

to the Purchaser:

Holborn Properties Ltd.
Suite 10, 698 Seymour Street
Vancouver, BC V6B 3K6
Attention: Joo Kim Tiah
Facsimile: 604-688-8387 Ext. 116

with a copy to:

Fasken Martineau DuMoulin LLP
2900 – 550 Burrard Street
Vancouver, BC V6C 0A3
Attention: Allison M. MacInnis
Facsimile: 604-632-3154

to the Vendor:

Provincial Rental Housing Corporation
601 – 4555 Kingsway
Burnaby, BC V5H 4V8
Attention: Manager, Real Estate Services
Facsimile: 604-439-4726

with a copy to:

Singleton Urquhart LLP
1200-925 West Georgia Street
Vancouver, BC V6C 3L2
Attention: John H. Fraser
Facsimile: 604-682-1283

to the Commission:

British Columbia Housing Management Commission
1701 – 4555 Kingsway
Burnaby, BC V5H 4V8
Attention: Manager, Real Estate Services
Facsimile: 604-439-4726

with a copy to:

Singleton Urquhart LLP
1200-925 West Georgia Street
Vancouver, BC V6C 3L2
Attention: John H. Fraser
Facsimile: 604-682-1283

or at such other address as either party may specify in writing to the other. The time of giving and receiving any such notice will be deemed to be on the day of delivery or transmittal if delivered or sent by facsimile, or on the third Business Day after the day of mailing if sent by mail. In the event of any disruption of mail services, all notices shall be delivered or sent by facsimile.

11.11 Assignment.

Prior to the Completion Date, the Purchaser may only assign, in whole or in part, its interest in this Agreement to an affiliate of the Purchaser (as defined in the *Canada Business Corporations Act*), with prior written notice to the Vendor. After the Completion Date, the Purchaser may assign, in whole or in part, its interest in this Agreement, with the prior written consent of the Vendor, such consent not to be unreasonably withheld. In the event of an assignment, the Purchaser will remain fully liable to the Vendor for the performance of the obligations of the Purchaser hereunder and will not be released from the performance thereof.

11.12 Nominee

On the Completion Date, the Purchaser may register its interest in the Property in the name of a nominee or nominees.

11.13 Binding Effect.

This Agreement will enure to the benefit of and be binding upon the successors and permitted assigns of the parties, as applicable.

11.14 Confidentiality.

The parties agree that, except as required by law and except as required to enforce any rights or obtain any remedies under this Agreement, the Vendor's Mortgage, the Commission's Mortgage or the Section 219 Covenant, this Agreement, the subject matter of this Agreement, including the Property Reports (to the extent that Property Reports have not already been circulated to third parties), the documentation referred to in Section 6.1, the Musqueam assurance letter and all financial and operating statements, reports, certificates, notices, documents, records and other information obtained by the Vendor under or in connection with the Vendor's Mortgage or the Commission's Mortgage in relation to the Purchaser are supplied in confidence, will be treated as confidential and will not be disclosed to a third party (other than the parties' professional advisors) without the consent, in writing, of the other party, provided however that the Purchaser may make or authorize any disclosure of such confidential information the Purchaser considers necessary or reasonable in connection with the development of the Property, including without limitation any rezoning, lending or construction financing. For greater certainty, the Purchaser may withhold consent to any disclosure of the Purchase Price, the terms of payment of the Purchase Price and other commercial terms until the Completion Date.

11.15 Remedies.

Each party to this Agreement, in addition to its rights under this Agreement or at law, shall be entitled to all equitable remedies, including specific performance, injunctions and/or declaratory relief, in order to enforce its rights under this Agreement. No reference to nor exercise of any specific right or remedy under this Agreement or at law or in equity by either party shall prejudice, limit or preclude that party from exercising any other such right or remedy. No such right or remedy shall be exclusive or dependent upon any other such right or remedy, but either party, from time to time, may exercise any one or more of such rights or remedies independently, successively, or in combination. The Vendor acknowledges and agrees that injunctive relief (mandatory or prohibitory), orders for specific performance or mandamus, or other equitable relief may be a remedy for a default by the Vendor with respect to the covenants contained in this Agreement, and that such covenants may be enforceable by such methods.

11.16 Counterparts.

This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered either in original or facsimile or other electronic form, is deemed to be an original, and all of which taken together constitute one and the same instrument.

IN WITNESS WHEREOF the parties have executed this Agreement with effect as of the date first set out above.

PROVINCIAL RENTAL HOUSING CORPORATION

by its authorized signatory(ies):

Per: 

Authorized Signatory

Shayne Ramsay
President

Per: _____

Authorized Signatory

Nov. 15, 2012
Date

HOLBORN PROPERTIES LTD

by its authorized signatory:

Per: 

Authorized Signatory

500 KIM TIAH, PRESIDENT

Nov. 15, 2012
Date

BRITISH COLUMBIA HOUSING MANAGEMENT COMMISSION

by its authorized signatory(ies):

Per: 

Authorized Signatory

Shayne Ramsay
C.E.O.

Per: _____

Authorized Signatory

Nov. 15, 2012
Date

SCHEDULE A

PERMITTED ENCUMBRANCES

Easement and Indemnity Agreement registered under No. 148333M in favour of the City of Vancouver.

SCHEDULE B

LAND TITLE ACT

FORM C (Section 233) CHARGE

GENERAL INSTRUMENT - PART 1 Province of British Columbia

PAGE 1 OF 16 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

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1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

John H. Fraser

Singleton Urquhart LLP

1200 - 925 West Georgia Street

Vancouver

BC V6C 3L2

Phone No: 604.673.7453

File No: 25000.031

Deduct LTSA Fees? Yes ☒

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[LEGAL DESCRIPTION]

002-546-787

**PARCEL C (REFERENCE PLAN 3508) OF DISTRICT LOTS 637 AND 638
GROUP 1 NEW WESTMINSTER DISTRICT**

STC? YES ☐

3. NATURE OF INTEREST

Covenant

CHARGE NO.

ADDITIONAL INFORMATION

Page 10, paragraph 3.1

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

(a) ☐ Filed Standard Charge Terms D.F. No.(b) ☒ Express Charge Terms Annexed as Part 2

A selection of (a) includes any additional or modified terms referred to in Item 7 or in a schedule annexed to this instrument.

5. TRANSFEROR(S):

HOLBORN PROPERTIES LTD., INC. NO. 0668711

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

PROVINCIAL RENTAL HOUSING CORPORATION

SUITE 1701-4555 KINGSWAY

BURNABY

V5H 4V8

BRITISH COLUMBIA

CANADA

Incorporation No

BC0052129

7. ADDITIONAL OR MODIFIED TERMS:

N/A

8. EXECUTION(S): 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

Transferor(s) Signature(s)

HOLBORN PROPERTIES LTD. by
its authorized signatory(ies)

Name: _____

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

PAGE 2 of 16 pages

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

Y

M

D

PROVINCIAL RENTAL HOUSING
CORPORATION by its authorized
signatory(ies)

Name:

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.

**EXPRESS CHARGE TERMS
TERMS OF INSTRUMENT – PART 2**

WHEREAS:

- A. The Commission, on behalf of Her Majesty the Queen in Right of the Province of British Columbia, provides, or assists in providing, housing for persons with limited incomes and/or for persons with special housing requirements;
- B. PRHC, on behalf of the Commission, acquires, leases, disposes of, and otherwise deals with land that is required for the purposes set out in Paragraph A;
- C. PRHC has entered into the Purchase Agreement with the Transferor, pursuant to which PRHC has sold the Property to the Transferor on the condition that the Transferor enters into this Agreement.
- D. The Purchase Agreement provides that a portion of the purchase price for the sale of the Property from PRHC to the Transferor will be satisfied by the construction and transfer of the Non-Market Housing to PRHC;
- E. Section 219 of the *Land Title Act* of British Columbia provides, that a covenant, whether of a negative or positive nature, in respect of the use of land or the use of a building on or to be erected on land, in favour of a Crown agency, may be registered as a charge against title to that land;
- F. PRHC and the Commission are Crown agencies pursuant to Section 10 of the *Ministry of Lands, Parks and Housing Act* of British Columbia, but may, on behalf of the Government of the Province of British Columbia, carry out their duties and functions in their own names; and
- G. The Transferor has entered into this Agreement to ensure that the Non-Market Housing Units are constructed by the Transferor and the Non-Market Housing Parcels are transferred to PRHC in accordance with the terms and conditions contained herein.

THEREFORE in consideration of the mutual covenants contained herein, and in further consideration of the sum of \$10.00 now paid by each party to the other, the receipt and sufficiency of which each party hereby acknowledges, the parties agree as follows:

**SECTION 1.
INTERPRETATION**

1.1 Definitions. In this Agreement:

- (a) “Agreement” means the General Instrument Part 1 and these Express Charge Terms under Part 2;

- (b) “Business Day” means any day other than Saturday, Sunday or a statutory holiday in the Province of British Columbia;
- (c) “Closing Dates” means the dates on which titles to the Non-Market Housing are transferred to PRHC, each of which Closing Date shall, unless otherwise agreed, occur no later than the 10th day after the later of the date that titles are raised, or occupancy permits issued, for the portion of the Non-Market Housing to be transferred on that Closing Date;
- (d) “Commission” means the British Columbia Housing Management Commission, or its successors in function;
- (e) “Day” means a calendar day;
- (f) “Environmental Law” means any applicable federal, provincial, municipal or local law, statute, ordinance, code, by-law, regulation, rule, order, directive, decision, policy, instruction, guideline or decree regulating, relating to or imposing liability or standards of conduct concerning any environmental matter, occupational health and safety or the manufacture, processing, distribution, use, treatment, storage, disposal, packaging, transport, handling, containment, clean-up or other remediation or corrective action of Hazardous Substances including, but not limited to, matters related to air pollution, water pollution, noise control, or hazardous material and any similar, replacement, amendment or supplemental act and all regulations, orders or decrees, now or hereafter made pursuant to any of the foregoing;
- (g) “General Instrument Part 1” means Part 1 of the General Instrument as prescribed by the Land Title (Transfer Forms) Regulation, as amended;
- (h) “Gross Floor Area” means the total floor area as determined by the City of Vancouver when enforcing the applicable zoning by-law for the Property;
- (i) “Hazardous Substances” collectively means, without limitation, contaminants, pollutants or other substances, products, materials or goods which are hazardous or dangerous to human, animal or plant health or life or the environment, and, in particular, includes substances, products, materials, or goods which are defined as hazardous substances or special waste in or pursuant to any law, regulation or order of any Statutory Authority;
- (j) “Improvements” means those improvements, structures, buildings, fixtures, equipment and systems which are to be constructed on or in the Non-Market Parcels from time to time pursuant to the Purchase Agreement and this Agreement, including heating, ventilating, air-conditioning, plumbing, electrical and mechanical systems and equipment;
- (k) “Knowledge” means, with respect to any covenant, agreement, representation or warranty made by the Transferor or PRHC, as applicable, the knowledge such party would have if it made due and

diligent review of its file records and enquiry of its directors, officers and senior employees who are reasonably considered to have knowledge of the matter in question.

- (l) “LTO” means the land title office for the jurisdiction in which the Property is situate;
- (m) “Market Units” means all residential, commercial, retail and office units and units for other uses, to be constructed on the Property, excluding the Non-Market Housing Units and any other non-market units or other facilities required by Statutory Authority to be constructed as a condition of the development of the Property;
- (n) “Month” means a calendar month;
- (o) “Non-Market Housing” means, collectively, the Non-Market Housing Units and the Non-Market Housing Parcels, and includes all Improvements, all personal property and fixtures to be transferred with the Non-Market Housing and located therein and thereon or affixed thereto, all water, sewer and other infrastructure required by Statutory Authority in connection with such Non-Market Housing and located therein and thereon or affixed thereto, together with the benefit of all easements and rights of way providing services and utilities to the Non-Market Housing;
- (p) “Non-Market Housing Units” means 234 housing units to be constructed on the Non-Market Housing Parcels in accordance with the specifications set out in Schedule B, and having a maximum total Gross Floor Area of 275,000 square feet, for the purpose of housing persons with limited incomes and/or persons with special housing requirements;
- (q) “Non-Market Housing Parcels” means those portions of the Property upon which the Non-Market Housing Units shall be constructed, which portions shall be as follows:
 - (i) the portions of the Property for any Non-Market Housing Units that are in an airspace parcel, will be that portion required by Statutory Authority for subdivision of the airspace parcel portions from the remainder;
 - (ii) the portions of the Property for any Non-Market Housing Units that are strata lots will be the portion of the Property that is required by Statutory Authority for subdivision of the strata plan portion from the remainder;
 - (iii) the portions of the Property for any Non-Market Housing Units that are not strata lots or airspace parcels will be that portion of the Property that is required by Statutory Authority for subdivision of such portion from the remainder;

- (r) “Permitted Encumbrances” means those charges, encumbrances and legal notations set out in Schedule “A” attached hereto together with those charges, encumbrances and legal notations that are approved by PRHC, acting reasonably, and the Transferor relating to the development of the Property;
- (s) “Person” means any association, society, corporation, individual, joint-stock company, joint venture, partnership, trustee, administrator, legal representative, unincorporated organization, or Statutory Authority;
- (t) “PRHC” means Provincial Rental Housing Corporation, or its successors in function;
- (u) “Property” means that certain parcel of land, or any part thereof, described in Item 2 of the General Instrument Part 1;
- (v) “Purchase Agreement” means the amended and restated purchase and sale agreement made between PRHC and the Transferor in connection with the sale of the Property, dated for reference the 25th day of April, 2008, including any and all written amendments agreed by PRHC and the Transferor from time to time;
- (w) “Purchase Price” means the total of the applicable credits to be applied against the purchase price of the Property on the transfer of Non-Market Housing Units as set out in the Purchase Agreement;
- (x) “Statutory Authority” means any federal, provincial, regional, municipal, or other government or authorized agency, department or ministry thereof, which has jurisdiction with respect to any matter referred to in this Agreement;
- (y) “Transaction” means the construction of the Non-Market Housing Units by the Transferor and the transfer of the Non-Market Housing to PRHC;
- (z) “Transfer” means a freehold transfer in a statutorily prescribed form and otherwise in form and substance satisfactory to PRHC by which the Transferor transfers the Non-Market Housing, or a portion thereof, to PRHC;
- (aa) “Transferor” means the Person named in the General Instrument Part 1 as Transferor;
- (bb) “Unit Purchase Price” means the applicable credit to be applied against the purchase price of the Property as set out in the Purchase Agreement for the applicable Non-Market Housing Units being transferred; and
- (cc) “Vendor’s Mortgage” means the mortgage registered against the Property in favour of PRHC.

- 1.2 **Time.** Time shall be of the essence of this Agreement. If either party expressly or impliedly waives this requirement, that party may reinstate it by delivering notice to the other party. If a time is specified in this Agreement for observing or performing any obligation, such time shall be the local Vancouver, British Columbia time.
- 1.3 **Governing Law.** This Agreement shall be governed by and construed and enforced in accordance with the laws of British Columbia, and the laws of Canada applicable therein.
- 1.4 **References.** In this Agreement, words importing the singular include the plural and vice versa, and words importing gender include all genders.
- 1.5 **Construction.** The division of this Agreement into sections and the use of headings are for convenience of reference only and are not intended to govern, limit, or aid in the construction of any provision contained in this Agreement. In all cases, the language in this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against either party.
- 1.6 **No Limitation.** The word “including,” when following any general statement, term, or matter, is not to be construed to limit such general statement, term, or matter to the specific items set forth immediately following such word or to similar items whether or not non-limiting language such as “without limitation” or “but not limited to” or words of similar import are used with reference thereto, but rather such general statement, term, or matter is to be construed such that it refers to all other items that could reasonably fall within the broadest possible scope of such general statement, term, or matter.
- 1.7 **Validity of Provisions.** If a court of competent jurisdiction finds that any provision contained in this Agreement is invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement which shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein and such other provisions shall be enforceable to the fullest extent permitted at law or in equity.
- 1.8 **No Waiver.** Failure by either party to exercise any of its rights, powers or remedies hereunder, or its delay to do so, shall not constitute a waiver of those rights, powers or remedies unless such waiver is in writing. No waiver made with respect to a particular right shall be deemed to be a waiver with respect to any other instance involving the exercise of the right or with respect to any other such right.
- 1.9 **Statutes.** Any reference to a statute is to such statute and to the regulations made pursuant to such statute as such statute and regulations may at any time be amended or modified and in effect, and to any statute or regulation that may be passed that has the effect of supplementing or superceding such statute or regulation.

1.10 **Schedules.** The following schedules are attached to and form part of this Agreement:

Schedule "A" Permitted Encumbrances
Schedule "B" Non-Market Housing Construction Specifications

SECTION 2. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE TRANSFEROR

2.1 **Representations and Warranties of the Transferor Effective from the Date of this Agreement.** Effective on and from the date of this Agreement, regardless of any independent investigations that PRHC may cause to be made, the Transferor represents and warrants to PRHC as follows:

- (a) the Transferor is a corporation duly organized, validly existing and in good standing under the laws of British Columbia, and has sufficient power, authority and capacity to enter into, execute and deliver this Agreement, to perform its obligations hereunder, and to complete the Transaction, each of which actions has been duly and validly authorized by all necessary proceedings;
- (b) the Transferor has good and marketable title to the Property, free and clear of all liens, charges and encumbrances other than the Permitted Encumbrances and subject to qualification to the extent of any breach by PRHC of a representation, warranty, covenant or agreement of PRHC in the Purchase Agreement to the extent that such breach relates to the title to the Property;
- (c) the completion of the Transaction and the entering into, execution, and delivery of this Agreement and the performance of the Transferor's obligations hereunder shall not constitute a breach by the Transferor of any statute, bylaw or regulation or of its constating instruments or of any agreement to which it is a party or by which it is bound or that would result in the creation of any lien, encumbrance or other charge on the Property;
- (d) the Transferor has no indebtedness to any Person that might by operation of law or otherwise now or hereafter constitute a lien, charge or encumbrance on the Non-Market Housing or that might affect PRHC's right from and after the Closing Date to own, occupy and obtain revenue from the Non-Market Housing, other than the Permitted Encumbrances; and
- (e) the Transferor is not a non-resident of Canada within the meaning of the *Income Tax Act* of Canada.

2.2 **Representations and Warranties of the Transferor Effective from each Closing Date.** Effective on each Closing Date, with respect to the Non-Market Housing transferred on each such Closing Date and regardless of any independent

investigations that PRHC may cause to be made, the Transferor represents and warrants to PRHC as follows:

- (a) that since the Completion Date, as defined in the Purchase Agreement, to its Knowledge, it has not brought nor have any Hazardous Substances been brought on to the Non-Market Housing in breach of Environmental Laws applicable to residential use;
- (b) the Improvements included with the Non-Market Housing comply with all municipal requirements, and applicable health and safety standards of Statutory Authority;
- (c) all municipal taxes, rates, levies and assessments in respect of the Non-Market Housing have been paid in full or will be adjusted; and
- (d) in respect of the Non-Market Housing, the Transferor has no present or future obligation to pay moneys to any Statutory Authority in connection with offsite roads, services, utilities or the like that might constitute a charge or encumbrance on the Non-Market Housing.

2.3 **Covenants of the Transferor.** The Transferor covenants and agrees with PRHC as follows:

- (a) the representations and warranties contained in Section 2.1 are true and correct as of the date of this Agreement and shall remain true and correct for the term of this Agreement;
- (b) the representations and warranties contained in Section 2.2 shall be true and correct as of each Closing Date and shall remain true and correct for the term of this Agreement;
- (c) the Transferor shall, from the date of commencement of construction of Non-Market Units and prior to the Non-Market Housing being transferred to PRHC pursuant to SECTION 4, maintain in force such insurance coverage as would be maintained by a prudent owner and developer of the Property for the full replacement cost of the Non-Market Housing Units under construction;
- (d) the Transferor shall act reasonably and cooperate with PRHC at all times and shall provide all information reasonably required by PRHC without delay in respect of the Non-Market Housing and the construction of the Non-Market Housing Units;
- (e) the Transferor shall promptly observe and comply with all present and future laws, rules, requirements, orders, directions, ordinances and regulations of every Statutory Authority concerning the Non-Market Housing; and
- (f) the Transferor shall not, without PRHC's prior written consent, mortgage, charge or otherwise encumber the Property with any mortgage or charge

that has priority over this Agreement, except by the Permitted Encumbrances.

SECTION 3. SECTION 219 COVENANTS

3.1 **Section 219 Covenants.** The Transferor hereby covenants with PRHC, pursuant to Section 219 of the *Land Title Act* of British Columbia, with the intent that such covenants shall be registered as charges against the Property and run with the Property, and shall also bind the Transferor contractually under this Agreement, that the Transferor shall:

- (a) subdivide the Non-Market Housing Parcels from the Property in accordance with a subdivision plan or plans that meets the requirements of the City of Vancouver;
- (b) construct the Non-Market Housing Units upon the Non-Market Housing Parcels in accordance with the construction specifications set forth in Schedule “B”;
- (c) transfer title to the Non-Market Housing to PRHC or its nominee in accordance with Article 4; and
- (d) shall not:
 - (i) apply for a development permit in connection with any Market Units, unless the Transferor has applied for a development permit in connection with at least a pro rata Gross Floor Area of Non-Market Housing Units;
 - (ii) obtain a building permit in connection with any Market Units, unless the Transferor has obtained a building permit in connection with at least a pro rata Gross Floor Area of Non-Market Housing Units; and
 - (iii) obtain an occupancy permit in connection with any Market Units, unless the Transferor has obtained an occupancy permit in connection with at least a pro rata Gross Floor Area of Non-Market Housing Units.

The “pro rata Gross Floor Area” shall be equal to one square foot of Gross Floor Area for Non Market Housing Units for each ● square feet of Gross Floor Area for Market Units.

[*Note: Prior to the execution and registration of this Agreement the relevant number of square feet of Gross Floor Area for Market Units will be inserted into this Agreement. The number shall be equal to the Gross Floor Area of the Market Units that may be constructed as provided for in the zoning by-law that is in effect on the Completion Date (as the term

“Completion Date” is defined in the Purchase Agreement), divided by 275,000.]

SECTION 4. PURCHASE AND SALE OF NON-MARKET HOUSING

- 4.1 **Purchase and Sale.** Subject to the terms and conditions of this Agreement and relying on the warranties and representations set out in Section 2, the Transferor agrees to sell and PRHC agrees to purchase the Non-Market Housing on the Closing Dates for the Purchase Price.
- 4.2 **Payment of Purchase Price.** On each Closing Date, PRHC shall provide the agreed upon credit to the purchase price of the Property as provided in the Purchase Agreement.
- 4.3 **Risk.** The Non-Market Housing shall be at the risk of the Transferor up to the time at which the Transfer is submitted for registration at the LTO on the Closing Date, and shall be at the risk of PRHC from and after such time.
- 4.4 **Damage.** If, prior to the time at which a Transfer is submitted for registration at the LTO on a Closing Date, any damage occurs to the portion of the Non-Market Housing being transferred, the Transferor shall forthwith repair or rebuild the damaged Non-Market Housing to the standards required under this Agreement and the relevant Closing Date shall be postponed until the 10th Business Day following delivery of a new occupancy permit for that portion of the Non-Market Housing that has been damaged.
- 4.5 **Construction Warranties.** From and after the Closing Date, the Transferor shall assign to PRHC all the Transferor’s rights under all warranties, guarantees or contractual obligations granted or incurred by any contractor or supplier who was engaged in the construction of all or any part of the Non-Market Housing Units. Where a contractor or supplier has constructed both Non-Market Housing Units and Market Units, the assignment may be limited to a partial assignment of the portion of such warranties, guarantees or contractual obligations that apply to the Non-Market Housing Units or may continue to be held by the Transferor with a grant of authority to PRHC to administer the portion of such warranties, guarantees or contractual obligations that apply to the Non-Market Housing Units. PRHC’s acceptance of such assignment shall be deemed not to constitute a waiver by PRHC of the Transferor’s covenants, agreements, representations and warranties herein set out.
- 4.6 **Transferor’s Covenants.** The Transferor shall:
 - (a) take all proper actions and proceedings on its part to enable it to vest a good and marketable title to the Non-Market Housing in PRHC, free and clear of all liens, charges and encumbrances other than the Permitted Encumbrances, subject to qualification to the extent of any breach by PRHC of a representation, warranty, covenant or agreement of PRHC in the Purchase Agreement to the extent that such breach relates to the title to the Property; and

- (b) deliver vacant possession of the Non-Market Housing to PRHC on the Closing Date;
- 4.7 **Documents.** PRHC shall prepare the documents necessary to complete the Transaction, which shall be in a form and substance reasonably satisfactory to the Transferor.
- 4.8 **Adjustments and Credits.** The Transferor and PRHC shall adjust, as at the Closing Dates, all usual adjustments for a property similar to the Non-Market Housing, including taxes and utility rates.
- 4.9 **Transferor's Closing Documents.** At each closing, the Transferor shall deliver to PRHC the following duly executed documents:
 - (a) a Transfer;
 - (b) a certificate from a senior officer of the Transferor declaring that all of the Transferor's representations and warranties set out in Sections 2.1 and 2.2 are true and correct as at the Closing Date with respect to the Non-Market Housing to be transferred;
 - (c) the Transferor's statement of adjustments; and
 - (d) a bill of sale for any personal property located on or in the Non-Market Housing and all other deeds, transfers, assignments, resolutions, consents, estoppels and other certificates and assurances as PRHC may reasonably require.
- 4.10 **PRHC's Closing Documents.** At each closing, PRHC shall deliver to the Transferor:
 - (a) PRHC's statement of adjustments; and
 - (b) confirmation of the agreed upon credit to the purchase price of the Property as provided for in the Purchase Agreement.
- 4.11 **Closing.** The Transferor and PRHC shall complete each Transaction at 10:00 a.m. on the Closing Date at the offices of PRHC or as PRHC may direct. The solicitors for the Transferor and PRHC may exchange such undertakings as are reasonable and customary among solicitors having experience in such transactions.
- 4.12 **Tabling.** Except for the Transfer, all documents and cheques shall be tabled at each closing. PRHC shall cause its lawyers, on each Closing Date, to conduct a pre-registration index search of the Non-Market Housing at the LTO. If that search indicates that no liens, charges and encumbrances have been registered or filed except for the Permitted Encumbrances and any liens, charges and encumbrances to be discharged after the Closing Date, including any construction mortgage, the solicitors for PRHC, or their agents, shall submit the Transfer for registration, and then conduct a post-registration index search. If that search

indicates that no liens, charges or encumbrances have been registered or filed since the pre-registration index search, all documents and cheques shall be released to each of the Transferor and PRHC according to the entitlement of each of them. The Transferor shall obtain the discharge of such liens, charges and encumbrances to be discharged after the Closing Date.

- 4.13 **Survival.** All the representations, warranties, covenants and agreements of the Transferor and PRHC contained in this Agreement shall survive each Closing Date, the registration of documents, and the payment of each Unit Purchase Price.

SECTION 5. REMEDIES

- 5.1 **Remedies.** Except for matters to be referred to arbitration pursuant to SECTION 6, each party to this Agreement, in addition to its rights under this Agreement or at law, shall be entitled to all equitable remedies, including specific performance, injunctions and/or declaratory relief, in order to enforce its rights under this Agreement. No reference to nor exercise of any specific right or remedy under this Agreement or at law or in equity by either party shall prejudice, limit or preclude that party from exercising any other such right or remedy. No such right or remedy shall be exclusive or dependent upon any other such right or remedy, but either party, from time to time, may exercise any one or more of such rights or remedies independently, successively, or in combination. The Transferor acknowledges and agrees that injunctive relief (mandatory or prohibitory), orders for specific performance or mandamus, or other equitable relief may be a remedy for a default by the Transferor with respect to the covenants contained in this Agreement, and that such covenants may be enforceable by such methods.

SECTION 6. DISPUTE RESOLUTION

- 6.1 **Arbitration.** In the event that the parties are unable to agree on any matter referred to in Schedule "B", the matter will be referred to a single arbitrator mutually agreeable to the parties or, in the absence of agreement by the parties of a suitable arbitrator within five Business Days, to an arbitrator appointed pursuant to the provisions of the *Commercial Arbitration Act* (British Columbia). The arbitrator shall be instructed to arrive at a decision in as expeditious a manner as practicable and in any event within 30 days of the date of the arbitrator's appointment. The decision of the arbitrator shall be final and binding upon the parties. The cost of the arbitration shall be borne by the parties as determined by the arbitrator.

SECTION 7. TERM

- 7.1 **Term.** The term of this Agreement will end on the date when all of the Non-Market Housing has been transferred to PRHC, after which date PRHC will register a discharge of this Agreement.

**SECTION 8.
GENERAL PROVISIONS**

- 8.1 **Notices.** Unless otherwise specified, each notice to a party must be given in writing and delivered personally or by courier to the party at the address set out in the General Instrument Part 1, or to any other address that a party designates.
- 8.2 **GST.** Any federal goods and services tax ("GST") applicable to the transfer of the Non-Market Housing shall be in addition to, and not included in, the Unit Purchase Price. On or before one Business Day prior to the Closing Date, PRHC shall provide the Transferor with a certificate from a senior officer of PRHC stating that PRHC is registered with Canada Revenue Agency for the purposes of GST and setting out its GST registration number, failing which PRHC will pay to the Transferor the GST applicable to the purchase and sale of the Property on the Closing Date.
- 8.3 **Fees.** Each of the Transferor and PRHC shall pay its own legal fees and disbursements. PRHC will be responsible for all registration fees and property transfer tax payable in respect of the registration of a Transfer.
- 8.4 **Enuring Effect.** This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the Transferor and PRHC.
- 8.5 **Modification or Amendment.** Except as expressly provided in this Agreement, no amendment, supplement, restatement or termination of any provision of this Agreement is binding unless it is in writing and signed by each party to this Agreement at the time of the amendment, supplement, restatement or termination.

IN WITNESS WHEREOF the parties hereto acknowledge that they have duly executed this Agreement by signing on the Form C and Form D, constituting pages 1 and 2 hereof.

SCHEDULE "A"

PERMITTED ENCUMBRANCES

LEGAL NOTATIONS

None

CHARGES & ENCUMBRANCES

Easement and Indemnity Agreement registered in favour of the City of Vancouver under no. 148333M.

SCHEDULE “B”**NON-MARKET HOUSING CONSTRUCTION SPECIFICATIONS**

The Non-Market Housing will consist of housing for seniors and families.

Seniors housing will consist of four two-bedroom units and 44 one-bedroom units, having a maximum total Gross Floor Area of 45,000 square feet. Such area will include amenity space, common areas, circulation and efficiency as provided for in the design and construction standards set out below.

Housing for families will consist of 96 two-bedroom units, 69 three-bedroom units, 18 four-bedroom units and three five-bedroom units, having a maximum total Gross Floor Area of 230,000 square feet. Such area will include amenity space, common areas, circulation and efficiency as provided for in the design and construction standards set out below.

The Non-Market Housing Units shall conform to the following design and construction standards, and if there is a conflict, the higher standard shall prevail:

1. The Non-Market Housing must be constructed to the Canada Green Building Council’s “LEED Gold” standard in effect as of April 18, 2008 or an equivalent standard approved by PRHC, acting reasonably;
2. Technical Bulletin No. 14-08 issued January 18, 2008 – Section 3 Energy Performance – Independent Living B.C. Non Profit Housing Design and Construction Standards, revised October 2006 – Provincial Homelessness Initiative Design Guidelines and Construction Standards – October 2006 (9 pages);
3. for seniors projects – Independent Living B.C. Non-Profit Housing Design and Construction Standards dated February 2003, revised up to October 25, 2006 (276 pages); and
4. for family projects - HOMES BC – Building Homes for Healthy Communities – Providing Choices and Creating Jobs Non-Profit Housing Design and Construction Standards dated March 2001 (324 pages).

END OF DOCUMENT

SCHEDULE C

LAND TITLE ACT
FORM B (Section 225)

MORTGAGE - PART 1 Province of British Columbia

PAGE 1 OF 24 PAGES

Your electronic signature is a representation that you are a subscriber as defined by the Land Title Act, RSBC 1996 c.250, and that you have applied your electronic signature in accordance with Section 168.3, and a true copy, or a copy of that true copy, is in your possession.

1. APPLICATION: (Name, address, phone number of applicant, applicant's solicitor or agent)

John H. Fraser

Singleton Urquhart LLP

1200 - 925 West Georgia Street

Vancouver

BC V6C 3L2

Phone No: 604.673.7453

File No: 25000.031

Deduct LTSA Fees? Yes ☒

2. PARCEL IDENTIFIER AND LEGAL DESCRIPTION OF LAND:

[PID]

[legal description]

002-546-787

**PARCEL C (REFERENCE PLAN 3508) OF DISTRICT LOTS 637 AND 638,
GROUP 1 NEW WESTMINSTER DISTRICT**

STC?

YES ☐

3. BORROWER(S) (MORTGAGOR(S)): (including postal address(es) and postal code(s))

HOLBORN PROPERTIES LTD.

BRITISH COLUMBIA

CANADA

4. LENDER(S) (MORTGAGEE(S)): (including occupation(s), postal address(es) and postal code(s))

PROVINCIAL RENTAL HOUSING CORPORATION

SUITE 1701-4555 KINGSWAY

BURNABY

CANADA

BRITISH COLUMBIA

V5H 4V8

Incorporation No

BC0052129

5. PAYMENT PROVISIONS:

(a) Principal Amount:

See schedule

(b) Interest Rate:

See schedule

(c) Interest Adjustment

Date: N/A

Y

M

D

(d) Interest Calculation Period:

See schedule

(e) Payment Dates:

See schedule

(f) First Payment

Date: N/A

(g) Amount of each periodic payment:

See schedule

(h) *Interest Act* (Canada) Statement.
The equivalent rate of interest calculated
half yearly not in advance
is N/A % per annum.

(i) Last Payment

Date: N/A

(j) Assignment of Rents which the
applicant wants registered ?

YES ☒ NO ☐

If YES, page and paragraph number:

Pages 20 and 21,
Paragraph 8

(k) Place of payment:

POSTAL ADDRESS IN
ITEM 4

(l) Balance Due

Date: See
schedule

6. MORTGAGE contains floating charge on land ?

YES ☐ NO ☒

7. MORTGAGE secures a current or running account ?

YES ☒ NO ☐

8. INTEREST MORTGAGED:

Freehold ☒Other (specify) ☐

9. MORTGAGE TERMS:

Part 2 of this mortgage consists of (select one only):

(a) Prescribed Standard Mortgage Terms ☐(b) Filed Standard Mortgage Terms ☐(c) Express Mortgage Terms ☒

D F Number:

(annexed to this mortgage as Part 2)

A selection of (a) or (b) includes any additional or modified terms referred to in item 10 or in a schedule annexed to this mortgage.

10. ADDITIONAL OR MODIFIED TERMS:

See schedule

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

See schedule

12. EXECUTION(S): This mortgage charges the Borrower's interest in the land mortgaged as security for payment of all money due and performance of all obligations in accordance with the mortgage terms referred to in item 9 and the Borrower(s) and every other signatory agree(s) to be bound by, and acknowledge(s) receipt of a true copy of, those terms.

Officer Signature(s)

Execution Date

Y	M	D

Borrower(s) Signature(s)

[HOLBORN PROPERTIES LTD.],
by its authorized signatory
[Nominee? – if so Holborn to be
Covenantor]

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

PAGE 3 of 24 pages

Officer Signature(s)

Execution Date

Transferor / Borrower / Party Signature(s)

Y

M

D

Covenantor Signature
[If applicable]
by its authorized signatory:

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**

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

5. PAYMENT PROVISIONS:

(a) Principal Amount: This Mortgage secures payment, observance, performance and satisfaction of all present and future debts, liabilities and obligations of the Mortgagor to the Mortgagee pursuant to the Purchase Agreement (hereinafter defined as the "Indebtedness")

(b) Interest Rate: Such rate or rates of interest, if any, as may be agreed to in writing from time to time with respect to the Indebtedness.

(d) Interest Calculation Period: Such period as may be agreed to in writing from time to time with respect to the Indebtedness.

(e) Payment Dates: The dates when the Indebtedness is required to be paid, observed, performed and satisfied pursuant to the terms of the Purchase Agreement.

(g) Amount of each periodic payment: Such amounts as are required to be paid, observed, performed and satisfied pursuant to the terms of the Purchase Agreement.

(l) Balance Due Date: The date when the Indebtedness is due pursuant to the terms of the Purchase Agreement.

11. PRIOR ENCUMBRANCES PERMITTED BY LENDER:

1. Easement and Indemnity Agreement No. 148333M
2. Section 219 Covenant in favour of the Mortgagee
3. Such other prior encumbrances as may be permitted under the Purchase Agreement

EXPRESS MORTGAGE TERMS - PART 2

PURSUANT TO THE LAND TRANSFER FORM ACT, PART 3

1. Interpretation

Definitions

1.1 Where used herein or in any amendment hereto, unless the context otherwise requires, each of the underlined words and phrases set out below shall have the following meanings ascribed thereto:

- 1.1.1. "Act" means the Strata Property Act (British Columbia) and any amendments thereof;
- 1.1.2. "Canadian Dollars" and "CDN\$" each mean lawful currency of Canada in immediately available funds;
- 1.1.3. "Construction Lender" means a lender, acceptable to the Mortgagee under the Purchase Agreement, providing construction financing for the development of the Lands;
- 1.1.4. "Construction Mortgage" means one or more mortgages granted by the Mortgagor in favour of a Construction Lender, securing construction financing for the development of the Lands;
- 1.1.5. "Covenantor" means the Person or Persons, if any, who execute this Mortgage as "Covenantor" and their respective heirs, personal representatives, successors or permitted assigns, as the case may be;
- 1.1.6. "Indebtedness" has the meaning given in Item 5(a) of the Mortgage Form;
- 1.1.7. "Lands" means the entire right, title and interest of the Mortgagor in and to the lands and premises described as the "Parcel Identifier(s) and Legal Description(s) of the Mortgaged Land" in item 2 of the Mortgage Form together with all buildings and improvements thereon and all appurtenances thereto;
- 1.1.8. "Mortgage" means the Mortgage Form and these express mortgage terms, read together;
- 1.1.9. "Mortgagee" means the party described as Lender(s) Mortgagee(s) in item 4 of the Mortgage Form;
- 1.1.10. "Mortgage Form" means the document prescribed by Regulation under the Land Title Act (British Columbia) as Form B and attached as Part 1 of this Mortgage, and includes all schedules to such document;
- 1.1.11. "Mortgage Rate" means the interest rate per annum set out in item 5 (b) of the Mortgage form, calculated and compounded monthly not in advance, or such other

rate or rates of interest as may be agreed upon between the Mortgagor and the Mortgagee, both before and after maturity, default and judgement;

- 1.1.12. "Mortgagor" means the person or persons who have signed the Mortgage Form as Mortgagor(s) as described in item 3 of the Mortgage Form;
- 1.1.13. "Permitted Encumbrances" means the encumbrances, if any, described in item 11 of the Mortgage Form (including without limitation the Section 219 Covenant) and the Construction Mortgage and any other encumbrances permitted by the Purchase Agreement;
- 1.1.14. "Person" includes any individual, a partnership, a corporation, a joint stock company, a trust, an unincorporated association, a joint venture or other entity;
- 1.1.15. "Purchase Agreement" means the agreement of purchase and sale between the Mortgagor and the Mortgagee as it may be modified, amended, extended, supplemented or replaced from time to time;
- 1.1.16. "Receiver" means a receiver, receiver-manager or receiver and manager of the Lands appointed under Section 4.1.32 of this Mortgage;
- 1.1.17. "Section 219 Covenant" means the covenant, pursuant to Section 219 of the Land Title Act, granted to the Mortgagee and registered on title to the Lands;
- 1.1.18. "Strata Corporation" means the owners of any present or future strata plan relating to the Lands; and
- 1.1.19. "Taxes" means all taxes, rates, duties and assessments levied on the Lands and all penalties and interest payable in connection therewith.

Included Words

- 1.2 Wherever the singular, masculine or body politic or corporate are used herein, the plural, feminine, masculine or the body politic or corporate shall be deemed to be included where the context so requires.

Headings

- 1.3 The headings to the parts and sections of these standard mortgage terms are inserted for convenience only and shall not affect the construction hereof.

References

- 1.4 Unless otherwise stated, a reference herein to a numbered or lettered part or section refers to the part or section having that part or section number or letter in these standard mortgage terms or the Mortgage Form, and a reference to these mortgage terms or herein means these standard mortgage terms including any schedules or amendments hereto.

2. Property Charged

To secure the repayment and performance of the Indebtedness, interest thereon and other monies owing hereunder, the Mortgagor does hereby grant and mortgage unto the Mortgagee, his successors and assigns ALL AND SINGULAR the Lands, to have and to hold the Lands unto and to the use of the Mortgagee, forever, subject to the redemption provision set out in Part 3 hereof.

3. Redemption Provision

3.1 PROVIDED this Mortgage shall be void upon:

3.1.1. payment by the Mortgagor to the Mortgagee, of:

- (a) the Indebtedness at the date of payment hereunder;
- (b) interest on the Indebtedness;
- (c) all other sums to which the Mortgagee may be entitled by virtue of this Mortgage, as and when such sums shall become due and payable together with interest thereon at the applicable Mortgage Rate, calculated as set out herein;

3.1.2. observance and performance of all covenants, provisions and conditions with respect to the Indebtedness whether contained in this Mortgage or otherwise;

and the Mortgagor releases to the Mortgagee all of the Mortgagor's claim upon the Lands, subject to the foregoing redemption provision.

3.2 If the Mortgagor fails to pay when due the monies hereby secured or any part thereof those monies shall bear compound interest at the applicable Mortgage Rate both before and after default to be computed on the last day of each month.

3.3 All payments to the Mortgagee shall be made at the office of the Mortgagee set out in the Mortgage Form or such other place that the Mortgagee may designate.

3.4 Until the entirety of the Indebtedness has been paid in full, the Mortgagor shall not have any right of subrogation to the Mortgagee or to the securities held by the Mortgagee, including, without limitation, this Mortgage, and none of the provisions hereof shall be in any way diminished or affected on account of any act or failure to act of the part of the Mortgagee which would prevent subrogation from operating in favour of the Mortgagor. The Mortgagee, in its sole discretion as it sees fit, without in any way prejudicing or effecting the rights of the Mortgagee hereunder, may appropriate any monies received to any portion of the Indebtedness, whether then due or to become due, and may revoke or alter any such appropriation.

4. General Covenants

4.1 The Mortgagor covenants with the Mortgagee that:

4.1.1. The Mortgagor has the right to mortgage and charge the Lands in favour of the Mortgagee on the covenants, agreements, conditions and provisions contained in

this Mortgage, and the Mortgagor shall observe these covenants, agreements, conditions and provisions;

- 4.1.2. The preparation, execution or registration of this Mortgage shall not in any way bind the Mortgagee to advance any monies to the Mortgagor or any other person;
- 4.1.3. The charge created by this Mortgage shall take effect immediately upon the execution of this Mortgage;
- 4.1.4. The Mortgagor has title to the Lands subject only to the Permitted Encumbrances;
- 4.1.5. On default hereunder, the Mortgagee shall have quiet possession of the Lands free from all encumbrances, other than the Permitted Encumbrances, provided that until default hereunder the Mortgagor shall have quiet possession of the Lands;
- 4.1.6. The Mortgagor has done no act nor been guilty of any omission or laches whereby the rights of the Mortgagor in the Lands have become in any way impaired or invalid;
- 4.1.7. The Mortgagor shall promptly comply with all restrictive covenants and all federal, provincial, state or local statutes, regulations, by-laws and ordinances affecting the Lands, now or hereafter in effect;
- 4.1.8. The Mortgagor shall execute such further assurances of the Lands that may be required by the Mortgagee;
- 4.1.9. The Mortgagor shall pay to the Mortgagee the outstanding amounts set out in Sections 3.1.1(a), (b) and (c) when due under the Purchase Agreement;
- 4.1.10. The Mortgagor shall immediately pay and discharge or diligently pursue steps to cause to be paid and discharged:
 - (a) all Taxes when due, and shall furnish the Mortgagee with receipts for those payments;
 - (b) all liens, charges, and encumbrances which rank or could in any event rank in priority to this Mortgage, other than the Permitted Encumbrances;
 - (c) all amounts falling due under any Permitted Encumbrances;
 - (d) all costs, charges, expenses, and legal fees (between solicitor and his own client) which may be incurred by the Mortgagee in:
 - (i) taking, recovering, and keeping possession of the Lands; and
 - (ii) all proceedings taken in connection with or to realize the monies hereby secured;

4.1.11. If the Mortgagor fails to make any payments under the preceding section the Mortgagee may, but shall not be obligated to, make those payments and the amounts thereof:

- (a) shall be a charge on the Lands in favour of the Mortgagee in priority to all claims arising subsequent to this Mortgage;
- (b) shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid; and
- (c) shall with interest at the Mortgage Rate be added to the monies hereby secured;

4.1.12. If the Mortgagee pays and satisfies, on behalf of the Mortgagor, the whole or any part of any Taxes, rates, duties, assessments, liens, charges, or encumbrances now or hereafter existing or claimed in respect of the Lands, the Mortgagee shall be entitled to all the equities and securities of the person or persons so paid and is hereby authorized to retain any discharge thereof without registration for so long as it may see fit to do so;

4.1.13. The Mortgagor shall:

- (a) insure and keep insured, by course of construction insurance, against loss or damage by fire and other insurable risks and perils the improvements now and hereafter on the Lands for an amount not less than their full insurable value; and
- (b) place the required insurance with loss payable to the Mortgagee in priority to every person except the holder of any Permitted Encumbrance;

4.1.14. If the Mortgagor fails to properly insure, as required by Section 4.1.13, the Mortgagee may, but shall not be obligated to, effect such insurance as it sees fit, acting reasonably, which may be solely for the benefit of the Mortgagee, with no duty to account for the proceeds thereof, and the costs of that insurance:

- (a) shall be a charge on the Lands in favour of the Mortgagee in priority to all claims arising subsequent to this Mortgage;
- (b) shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid; and
- (c) shall with interest at the Mortgage Rate be added to the monies hereby secured as if those costs, charges and expenses had originally formed part of the Indebtedness;

4.1.15. If the whole or any part of the improvements now and hereafter on the Lands are damaged or destroyed the Mortgagor shall immediately notify the Mortgagee in writing, and shall furnish at its own expense all necessary proofs and do all necessary acts to enable the Mortgagee to obtain payment of the insurance proceeds to the extent of payments due under the Purchase Agreement;

- 4.1.16. All improvements now and hereafter on the Lands including, but not limiting the generality of the foregoing, all buildings, fences, heating, plumbing, air conditioning, ventilating, lighting and water heating equipment, cooking and refrigeration equipment, window blinds, floor coverings, storm windows and storm doors, window screens and screen doors, and all apparatus and equipment appurtenant thereto, are and shall, in addition to other fixtures thereon, be and become fixtures and an accession to the freehold and a part of the Lands as between the parties hereto and shall be a portion of the security for the monies hereby secured;
- 4.1.17. The Mortgagor shall not permit waste to be committed or suffered on the Lands and shall maintain or cause to be maintained the improvements now and hereafter on the Lands in good order and repair to the satisfaction of the Mortgagee;
- 4.1.18. Beginning once the Mortgagor has commenced development of the market housing component of the Lands, the Mortgagor shall deliver to the Mortgagee within ninety (90) days following the end of each fiscal year adopted by the Mortgagor for operation of the Lands, annual financial and operating statements covering the Lands only, prepared by a chartered accountant in good standing and including a balance sheet and an income and expense statement;
- 4.1.19. The Mortgagor shall deliver to the Mortgagee copies of all reports, certificates, notices and other documents it is obligated to provide to the Construction Lender, concurrently with delivery of same to the Construction Lender;
- 4.1.20. The Mortgagor will pay all Indebtedness when due by it and all other amounts owing under the Purchase Agreement and this Mortgage;
- 4.1.21. The Mortgagor will provide the Mortgagee with prompt written notice of any event which constitutes, or which, with notice, lapse of time, or both, would constitute a default under the Purchase Agreement or this Mortgage;
- 4.1.22. The Mortgagor will permit the Mortgagee or its representatives, from time to time, to visit and inspect the Lands and examine and obtain copies of the Mortgagor's records relating to the Lands only and discuss the Mortgagor's affairs relating to the Lands only with the auditors, counsel and other professional advisers of the Mortgagor;
- 4.1.23. The Mortgagor will have all liens discharged immediately from title to the Lands at its own cost and expense and from its own resources;
- 4.1.24. The Mortgagor shall not:
 - (a) permit any legal proceedings to continue which in any way affect the title to the Lands;
 - (b) grant any further mortgage, charge or other encumbrance on the Lands in priority to this Mortgage other than Permitted Encumbrances; or
 - (c) commit any breach or default of any Permitted Encumbrances.

4.1.25. Upon:

- (a) default of payment of any Indebtedness, or any payment of interest thereon, pursuant to and in accordance with the Purchase Agreement or otherwise that is not remedied within 14 days after the Mortgagor has received written notice thereof;
- (b) default of payment of any other monies owing under this Mortgage when payable, or default under any other term of this Mortgage, that is not remedied within 30 days after the Mortgagor has received written notice thereof (or such longer period as may reasonably be required to remedy the default if agreed to by the Mortgagee in its reasonable discretion);
- (c) default under any Permitted Encumbrance that is not remedied within 30 days after the Mortgagor has received written notice thereof (or such longer period as may be reasonably be required to remedy the default if agreed to by the Mortgagee in its reasonable discretion);
- (d) it being discovered that any material statement in this Mortgage is untrue;
- (e) the Mortgagor or any Covenantor becoming insolvent or there being instituted against the Mortgagor or any Covenantor any type of insolvency proceeding under the Bankruptcy and Insolvency Act (Canada) or otherwise;
- (f) the Mortgagor or any Covenantor making an assignment for the benefit of creditors, or making a proposal under or otherwise taking advantage of the Bankruptcy and Insolvency Act (Canada) or the Companies Creditors' Arrangement Act (Canada) or similar legislation in any jurisdiction, or having a bankruptcy petition presented against the Mortgagor or any Covenantor;
- (g) a receiver or trustee being appointed for the Mortgagor or any Covenantor or for any of the assets of the Mortgagor or any Covenantor;
- (h) if either the Mortgagor or any Covenantor is a corporation, an order being made or an effective resolution being passed for the winding up of the Mortgagor or any Covenantor;
- (i) the Mortgagor or any Covenantor committing or threatening to commit any act of bankruptcy under the Bankruptcy and Insolvency Act (Canada);
- (j) the Mortgagor or any Covenantor ceasing or threatening to cease to carry on a major part of the respective businesses carried on by them at the date of this Mortgage;
- (k) the Lands or any part thereof being expropriated under the provisions of any law of Canada or any province thereof; or
- (l) any breach of Section 4.1.24,

then an event of default shall have occurred hereunder and, at the sole discretion of the Mortgagee and notwithstanding the other provisions of this Mortgage, all monies hereby secured shall immediately become due and be paid, and the Mortgagee may, without notice, take possession of the Lands and sell the Lands or any part thereof by public auction or private sale for the price that can reasonably be obtained therefor, and on terms as to credit and otherwise and with the conditions of sale and stipulations as to title or evidence of title or otherwise that the Mortgagee in its sole discretion deems fit, and in the event of a sale under this Section 4.1.25, Sections 4.1.26 to 4.1.31 inclusive shall apply;

4.1.26. In the event of any sale on credit or for part cash and part credit, the Mortgagee shall not be accountable for or charged with any monies until actually received;

4.1.27. The Mortgagee may rescind or vary any contract of sale and may buy and re-sell the Lands or any part thereof without being answerable for any loss occasioned thereby;

4.1.28. No purchaser shall be bound to inquire into the legality, regularity or propriety of any sale or be affected by notice of any irregularity or impropriety;

4.1.29. No lack or default or want of notice or other requirement or any irregularity or impropriety of any kind shall invalidate any sale;

4.1.30. The Mortgagee may take sale proceedings hereunder, notwithstanding that other proceedings, have been taken or are then pending;

4.1.31. The proceeds of any sale hereunder shall be applied:

FIRSTLY: in payment to the Mortgagee on account of any costs, charges, and expenses (on a solicitor and client basis) attending that sale or incurred in taking, recovering, or keeping possession of the Lands or by reason of non-payment or procuring of the monies hereby secured;

SECONDLY: in payment to the Mortgagee on account of the Indebtedness up to the Maximum Amount plus interest thereon as set out above;

THIRDLY: in payment to the Mortgagee on account of any other monies secured hereby or owing under this Mortgage; and

FOURTHLY: in payment to the Mortgagor of any surplus, provided that if any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or a portion of the surplus as the Receiver sees fit in the circumstances;

4.1.32. Upon the occurrence of any one or more of the events set out in Section 4.1.25, the Mortgagee may from time to time appoint by writing a Receiver of the Lands, with

or without bond, and may from time to time remove the Receiver and appoint another in its stead;

4.1.33. Any Receiver appointed hereunder shall by virtue of that appointment be the agent of the Mortgagor and shall have the following powers:

- (a) to take possession of the Lands and for that purpose to enter into and upon any buildings and premises wheresoever and whatsoever and for that purpose to do any and take any proceedings in the name of the Mortgagor or otherwise as the Receiver may see fit;
- (b) to carry on or concur in carrying on the business of the Mortgagor on the Lands, including the development thereof, and to employ and discharge agents, workmen, accountants, and others upon the terms and for the salaries, wages, or remuneration that the Receiver shall think proper and to repair and keep in repair the Lands and to do all necessary acts and things for the carrying on of the business of the Mortgagor on the Lands and the protection of the Lands;
- (c) to cease carrying on the business of the Mortgagor on the Lands and to sell or lease or concur in selling or leasing any or all of the Lands, or any part thereof, and to carry any sale or lease into effect by conveying in the name of or on behalf of the Mortgagor or otherwise, and any sale may be made from time to time as to the whole or any part or parts of the Lands. To this end, the Receiver may:
 - (i) make any stipulations as to title or conveyance or commencement of title or otherwise which the Receiver shall see fit;
 - (ii) buy in or rescind or vary any contracts for the sale of any part of the Lands and may re-sell any of the Lands; and
 - (iii) sell any of the Lands on terms of credit or part cash and part credit or otherwise that shall appear to be most advantageous and at the prices that can reasonably be obtained,

and in the event of a sale on credit, neither the Receiver nor the Mortgagee shall be accountable for or charged with any monies until actually received;

- (d) to make any arrangement or compromise which the Receiver may think expedient in the interest of the Mortgagee and to consent to any modification or change in or omission from the provisions of this Mortgage;
- (e) to exchange any part or parts of the Lands for any other property which the Receiver determines to be suitable for the purposes of the Mortgagor and upon the terms that the Receiver shall see fit and either with or without payment or exchange of money or regard to the equality of the exchange or otherwise;
- (f) to borrow money to carry on the business, if any, of the Mortgagor on the Lands, including the development thereof, or to maintain the whole or any part of the Lands in the amounts that the Receiver may from time to time see fit and in so

doing the Receiver may issue certificates that may be payable when the Receiver thinks expedient and shall bear interest as stated therein and the amounts from time to time payable under those certificates shall be a charge on the Lands in priority to this Mortgage;

- (g) to execute and prosecute all suits, proceedings, and actions which the Receiver in his sole discretion may see fit for the proper protection of the Lands, to defend all suits, proceedings, and actions against the Mortgagor or the Receiver, to appear in and conduct the prosecution and defence of any suit, proceeding, or action then pending or thereafter instituted and to appeal any suit, proceeding, or action;
- (h) to execute and deliver to the purchaser of any part or parts of the Lands, good and sufficient deeds, the Receiver hereby being constituted the irrevocable attorney of the Mortgagor for the purpose of making a sale and executing a deed, and any disposition made as set out in Section 4.1.33(c) or (e) shall be a perpetual bar both in law and equity against the Mortgagor, and all other persons claiming the Lands or any part or parts thereof by, from, through, or under the Mortgagor and the proceeds of any sale shall be distributed in the manner set out in Section 4.1.34,

and it is agreed that no purchaser at any sale purporting to be made under these powers shall be bound or concerned to see or inquire whether any default has been made or continued, or whether any notice required hereunder has been given, or as to the necessity or expediency of the stipulations subject to which any sale shall have been made, or otherwise as to the propriety of any sale or regularity of its proceedings, or be affected by notice that no default has been made or continues, or notice given, or that the sale is otherwise unnecessary, improper, or irregular; and notwithstanding any impropriety or irregularity or notice thereof to that purchaser, the sale as regards that purchaser shall be deemed to be within these powers and be valid accordingly and the remedy (if any) of the Mortgagor, or of any party claiming by or under it, in respect of any impropriety or irregularity whatsoever in any sale, shall be in damages only;

4.1.34. The net profits of the business of the Mortgagor on the Lands and the net proceeds of any sale of the Lands or part thereof shall be applied by the Receiver subject to the claims of any creditors ranking in priority to this Mortgage:

- (a) FIRSTLY, in payment to the Receiver on account of all costs, charges, and expenses of and incidental to the appointment of the Receiver and the exercise by the Receiver of all or any of the powers set out in the previous section including the reasonable remuneration of the Receiver and all amounts properly payable by it;
- (b) SECONDLY, in payment to the Receiver and the Mortgagee, as the case may be, on account of all costs, charges, and expenses payable hereunder, including the legal fees of the Receiver and of the Mortgagee on a solicitor and client basis;
- (c) THIRDLY, in payment to the Mortgagee on account of the Indebtedness plus interest thereon as set out above;

- (d) FOURTHLY, in payment to the Mortgagee on account of any other monies remaining unpaid hereunder; and
 - (e) FIFTHLY, in payment to the Mortgagor of any surplus, provided that if any party claims a charge against all or a portion of the surplus, the Receiver shall make such disposition of all or a portion of the surplus as the Receiver sees fit in the circumstances;
- 4.1.35. The appointment of any Receiver hereunder shall not render the Mortgagee a mortgagee in possession;
- 4.1.36. The Mortgagee shall not be liable to the Receiver for its remuneration, costs, charges, or expenses and the Receiver shall not be liable for any loss, howsoever arising, unless that loss shall be caused by the gross negligence or wilful default of the Receiver and the Mortgagor shall be solely responsible for the acts, defaults, and remuneration of the Receiver;
- 4.1.37. The taking of a judgment or judgments on any of the covenants herein contained shall not operate as a merger of those covenants or affect the Mortgagee's right to interest at the Mortgage Rate and at the times herein provided and any judgment may provide that interest thereon be computed at the Mortgage Rate until that judgment shall have been fully paid and satisfied;
- 4.1.38. All remedies stipulated for the Mortgagee herein shall be in addition to and not restrictive of the remedies of a mortgagee at law and in equity;
- 4.1.39. Each remedy of the Mortgagee may be enforced in priority to or concurrently with or subsequent to any other remedy or remedies of the Mortgagee;
- 4.1.40. The Mortgagee may realize upon various securities and the parts thereof in any order that the Mortgagee may determine and any realization upon any security or securities shall not bar realization upon any other security or securities;
- 4.1.41. Any demand, notice, or court process may be effectively given to or served upon the Mortgagor by the Mortgagee:
- (a) by leaving the demand, notice, or court process with an adult person on the Lands, if occupied, or placing it on some portion thereof, if unoccupied;
 - (b) by mailing that demand, notice, or court process by prepaid post to the Mortgagor at the Mortgagor's address set out in the Mortgage Form or at any other address that may be given in writing by the Mortgagor to the Mortgagee;
 - (c) if the Mortgagor is a corporation, by mailing any demand, notice, or court process to the Mortgagor at its registered office; or
 - (d) by publishing the demand, notice, or court process twice in a newspaper published or circulating in the county or district in which the Lands are situate,

and to the Mortgagee by the Mortgagor by mailing any notice by prepaid registered mail to the Mortgagee at the Mortgagee's address set out in the Mortgage Form or to any other address that may be given by the Mortgagee to the Mortgagor;

- 4.1.42. Subject to the discharge or partial discharge of this Mortgage as provided in the Purchase Agreement, every part into which the Lands are or may hereafter be divided does and shall stand charged with the whole of the monies hereby secured and no person shall have any right to require the monies hereby secured to be apportioned on or in respect of these parts, but the Mortgagee may release any part or parts of the Lands, with or without sufficient consideration, without thereby releasing the Mortgagor from this Mortgage;
- 4.1.43. No sale or other dealing by the Mortgagor with the equity of redemption in the Lands shall in any way change the liability of the Mortgagor or any Covenantor or in any way alter the rights of the Mortgagee as against the Mortgagor or any Covenantor or any other person liable for payment of the monies secured by this Mortgage;
- 4.1.44. If this Mortgage is redeemed by the Mortgagor, it shall be cancelled and shall not be re-issued but:
- (a) any partial payment made by any Covenantor or by the Mortgagor to the Mortgagee; or
 - (b) any ceasing by any Covenantor or the Mortgagor to be indebted to the Mortgagee;

shall be deemed not to be a redemption or cancellation pro tanto or otherwise and this Mortgage shall remain valid security for any subsequent Indebtedness until the Mortgagee has delivered a registrable discharge of this Mortgage to the Mortgagor;

- 4.1.45. Any and all payments made by any Covenantor, the Mortgagor or others in respect of the Indebtedness or the other monies hereby secured, and any monies or other proceeds realized from any securities held as security for the Indebtedness (including this Mortgage) may be applied, and re-applied, notwithstanding any previous application, on the part or parts of the Indebtedness or the other monies hereby secured as the Mortgagee may see fit;
- 4.1.46. No apparent change in the state of the account of any Covenantor or the Mortgagor with the Mortgagee, by reason of monies deposited or bills of exchange, promissory notes, or other commercial paper discounted or given in renewal, substitution, or alteration of the bills, notes, and paper from time to time held by the Mortgagee or otherwise, shall be deemed to be repayment on account of the Indebtedness or interest or the other monies secured by this Mortgage or any part thereof or call for or require the application of any cash deposits or proceeds as payments on account of the Indebtedness or the other monies secured by this Mortgage or any part thereof, or in any way affect the security of this Mortgage, unless an authorized employee of the Mortgagee shall give a receipt to the Mortgagor to that effect;

- 4.1.47. Every certificate signed by an authorized employee of the Mortgagee purporting to show, at any particular time, the amount of the Indebtedness or any other amount due and payable under this Mortgage shall be prima facie evidence as against the Mortgagor of such amount or rate;
- 4.1.48. Any discretion, option, decision or opinion hereunder on the part of the Mortgagee shall be sufficiently exercised or formed if exercised or formed by, or subsequently ratified, by a director or an executive officer of the Mortgagee or any officer or agent appointed by the Mortgagee for such purpose;
- 4.1.49. This Mortgage shall not nor shall anything contained in this Mortgage operate so as to create any merger, rebate, or discharge of any debt owing to the Mortgagee or of any lien, bond, promissory note, bill of exchange, or other security held by or which may hereafter be held by the Mortgagee from any Covenantor or the Mortgagor or from any other person or persons whomsoever, and this Mortgage shall not in any way prejudicially affect any security held or which may hereafter be held by the Mortgagee for the Indebtedness or the other monies hereby secured or any part or parts thereof or the liability of any endorser or any other person upon any lien, bond, promissory note, bill of exchange, or other security or any contract or any renewal or renewals thereof held by the Mortgagee for or on account of the Indebtedness or the other monies hereby secured or any part or parts thereof, nor shall the remedies of the Mortgagee in respect thereof be merged, prejudiced or delayed in any manner whatsoever by the taking of this Mortgage;
- 4.1.50. The Mortgagee may grant time, renewals, extensions, indulgences, releases, and discharges to, may take securities from, and give them and any and all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with any Covenantor and the Mortgagor and all other persons and securities that the Mortgagee may see fit without prejudicing the rights of the Mortgagee under this Mortgage;
- 4.1.51. If the provisions of any section of this Mortgage shall be held to be unenforceable or otherwise invalid, that holding shall not in any way affect the enforceability or validity of the remaining sections of this Mortgage;
- 4.1.52. All amounts payable to the Mortgagee hereunder shall be made without deduction, compensation, set-off, or counterclaim;
- 4.1.53. If this Mortgage is executed by two or more parties comprising the Mortgagor, all covenants and liabilities entered into or imposed upon the Mortgagor shall be deemed to be joint and several obligations of each of such parties;
- 4.1.54. All covenants and liabilities entered into or imposed hereunder upon the Mortgagor shall enure to the benefit of and be binding upon the Mortgagor and the heirs, executors, administrators, and assigns of the Mortgagor (and if the Mortgagor is a corporation, its successors and assigns). All rights, advantages, privileges, immunities, powers, and things hereby secured to the Mortgagee, shall be equally secured to and exercisable by its successors and assigns;

- 4.1.55. The common law right of consolidation is retained and preserved, and the Mortgagee may, in its sole discretion, invoke the right to consolidate at any applicable time, and for the purposes hereof, Section 31 of the *Property Law Act* (British Columbia) and any other statutory provision abolishing, or purporting to abolish the right of consolidation, is hereby expressly excluded;
- 4.1.56. Time shall be of the essence hereof;
- 4.1.57. The Mortgagor agrees to provide written notice to the Mortgagee immediately upon the Mortgagor becoming aware that the Lands or any adjacent property is being or has been contaminated with regulated, hazardous or toxic substances. The Mortgagor will not permit any activities on the Lands which directly or indirectly could result in the Lands or any other property being contaminated with regulated, hazardous or toxic substances. For the purposes of this Mortgage, the term "regulated, hazardous or toxic substances" means any substance, defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any applicable federal, provincial or local statute, regulation or ordinance now or hereafter in effect, or any substance or materials, the use or disposition of which is regulated by any such statute, regulation or ordinance; and
- 4.1.58. The Mortgagor shall promptly comply with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, storage, treatment, control, removal or cleanup of regulated, hazardous or toxic substances in, on, or under the Lands or in, on, or under any adjacent property that becomes contaminated with regulated, hazardous or toxic substances as a result of construction, operations or other activities on, or the contamination of, the Lands, or incorporated in any improvements thereon. The Mortgagee may, but shall not be obligated to, enter upon the Lands and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Mortgagor shall reimburse the Mortgagee on demand for the full amount of all costs and expenses incurred by the Mortgagee in connection with such compliance activities and such costs and expenses:
- (a) shall be a charge on the Lands in favour of the Mortgagee in priority to all claims subsequent to this Mortgage;
 - (b) shall be payable by the Mortgagor immediately with interest at the Mortgage Rate until paid;
 - (c) shall with interest at the Mortgage Rate be added to the monies hereby secured; and
- 4.1.59. Before commencing any application to court seeking an order for the reorganization of the Mortgagor's financial affairs (whether or not such order is sought pursuant to the provisions of the Companies' Creditors Arrangement Act) in any manner which could limit or restrict the Mortgagee's rights and remedies under this Mortgage, the Mortgagor will give not less than 10 days notice of such application to the Mortgagee.

5. Notice of Priority

5.1 In respect to the priority to be given this Mortgage:

5.1.1. the Mortgagor shall not be at liberty to, and the Mortgagor hereby covenants to not create or suffer to be created, any mortgage, charge, lien, or encumbrance upon the Lands ranking or capable of ranking in priority to or pari passu with this Mortgage except for the Permitted Encumbrances; and

5.1.2. this provision being a term of this Mortgage, shall be notice within the meaning of section 27(1)(b) of the Land Title Act (British Columbia) to every person dealing with the Lands that any mortgage, charge, lien, or encumbrance upon the Lands which is registered subsequently to this Mortgage shall be subject to and rank in priority after the right, title, and interest of the Mortgagee under this Mortgage in all respects as if:

- (a) this Mortgage had been executed, delivered, and registered;
- (b) all monies hereby secured had been advanced; and
- (c) demand had been made for repayment of the Indebtedness,

before the execution, delivery, or registration of any subsequently registered mortgage, charge, lien, or encumbrance or the advance of any part of the monies thereby secured and any mortgage, charge, lien, or encumbrance upon the Lands shall so provide but the omission of that provision shall not prejudice the priority of this Mortgage.

6. Power of Attorney

6.1 The Mortgagor hereby irrevocably constitutes and appoints the Mortgagee (with full power of substitution) and any manager, acting manager or account manager of the Mortgagee for the time being as its true and lawful attorney to (in the name of the Mortgagor, or otherwise) exercise, do, or perform any act, right, power, duty or obligation whatsoever that the Mortgagor now has or may have in connection with, arising out of, or relating to this Mortgage, and without limiting any of the foregoing, if the Mortgagor is a non-resident person for the purpose of the Income Tax Act (Canada) (the "Tax Act"), upon an actual or proposed disposition of the Lands, to send to the Minister of National Revenue, within the time limits set out in the Tax Act for such purposes, a notice in accordance with s.116(1) or (3) (or any replacement or similar section) of the Tax Act, as applicable, setting forth:

- (a) the name and address of the person to whom the Lands have been disposed or proposed to be disposed;
- (b) a description of the Lands sufficient to identify them;
- (c) the estimated or actual amount of the proceeds of disposition to be received or actually received for the Lands; and
- (d) the amount of the adjusted cost base to the Mortgagor of the Lands at the time of the sending of the notice.

- 6.2 The power of attorney conferred by this Section shall continue notwithstanding any mental infirmity of the Mortgagor.
- 6.3 The Mortgagor will provide the Mortgagee with the adjusted cost base and such other information for the Lands as and when requested by the Mortgagee.
- 6.4 The Mortgagee will not under any circumstances be liable to the Mortgagor or any other person with respect to any act done or any filings made by the Mortgagee pursuant to this Section.
- 6.5 The Mortgagee may make advances and re-advances to the Mortgagor or any Covenantor in one or more sums at any future date or dates and this Mortgage shall be deemed to be taken as security for the ultimate balance of the Indebtedness and interest thereon at the Mortgage Rate including, without limitation, any part of the Indebtedness arising from current and running accounts between the Mortgagor or any Covenantor and the Mortgagee represented by advances and re-advances by the Mortgagee to the Mortgagor or any Covenantor, at the time of demand hereunder, together with interest thereon at the Mortgage Rate and other monies hereby secured;

7. Strata Property Act

If the Lands comprise a strata lot and interest in common property created under the Act and any amendments thereto, or any similar prior legislation:

- 7.1.1. The Mortgagor shall, on or before the due dates thereof, pay each and every assessment, contribution or levy made against the strata lot and interest in the common property hereby charged by the owners of the Strata Corporation;
- 7.1.2. If the Mortgagor fails to pay any one or more of those assessments, contributions or levies on or before their due dates including, but not limiting the generality of the foregoing, a default by the Mortgagor in payment of the Mortgagor's share of the common expenses, whereby the Strata Corporation may register a Form B certificate under the schedule to the Act, that failure shall constitute default under this Mortgage and the whole of the Indebtedness, interest, costs, and charges, if any, then owing this Mortgage shall at the sole discretion of the Mortgagee immediately become due and be paid;
- 7.1.3. Upon the Mortgagor's failure to pay any assessment, contribution, or levy, the Mortgagee may make that payment but shall not be obligated to do so, and any amount so paid by the Mortgagee shall be added to and form part of the Indebtedness and bear interest at the Mortgage Rate until paid by the Mortgagor, and shall be paid to the Mortgagee together with interest thereon immediately without demand;
- 7.1.4. The Mortgagor shall observe and carry out all the duties and requirements of the by-laws of the Strata Corporation;
- 7.1.5. Subject to the provisions of the Act, the Mortgagor hereby authorizes and empowers the Mortgagee to exercise all powers of voting conferred on the Mortgagor by or under the Act, provided that the Mortgagee shall not be responsible in any way to the Mortgagor for the consequences of the exercise of or the failure to exercise that vote;

- 7.1.6. The Mortgagor hereby authorizes in writing any authorized employee of the Mortgagee to apply at any time and from time to time during the term hereof to the Strata Corporation to have the by-laws for the time being in force governing the strata lot and interest in the common property hereby mortgaged made available for inspection by that authorized employee of the Mortgagee;
- 7.1.7. The Mortgagor hereby provides authority under the Act to any authorized employee of the Mortgagee to apply at any time and from time to time to the Strata Corporation for certification to the Mortgagee of:
 - (a) the amount of any contribution determined as a contribution of the Mortgagor;
 - (b) the manner in which the contribution is payable;
 - (c) the extent to which the contribution has been paid by the Mortgagor; and
 - (d) the amount of any money expended on behalf of the Mortgagor under the Act and not recovered by the Strata Corporation;
- 7.1.8. The Mortgagor irrevocably appoints the Mortgagee as the agent of the Mortgagor for the purpose of obtaining any information relating to the strata lot and in particular information relating to levies and assessments applicable to that strata lot provided that the Mortgagee shall not be responsible to the Mortgagor in any way for any act or omission under this appointment;
- 7.1.9. The Mortgagor shall, upon execution of this Mortgagee or immediately upon demand of the Mortgagee at any time thereafter, execute an instrument in the form that the Mortgagee may present irrevocably appointing the Mortgagor or any other person that the Mortgagee may designate as the proxy of the Mortgagor to exercise the vote of the Mortgagor at all meetings of the owners of the Strata Corporation;
- 7.1.10. The Mortgagor hereby authorizes any authorized employee of the Mortgagee to apply at any time and from time to time to the Strata Corporation on behalf of the Mortgagor for a Form A certificate under the schedule to the Act that no monies are owing to the Strata Corporation;
- 7.1.11. Upon request of the Mortgagee, the Mortgagor shall deliver to the Mortgagee copies of all notices of meetings, minutes, financial statements, and documents of a similar nature of the Strata Corporation and delivered by the Strata Corporation to the Mortgagor;
- 7.1.12. Subject to the provisions of the Act, the Mortgagor hereby assigns to the Mortgagee all the Mortgagor's rights under the Act, the by-laws of the Strata Corporation and any rules and regulations thereunder;
- 7.1.13. Nothing herein contained shall render the Mortgagee in possession;
- 7.1.14. The Mortgagor shall not give up possession of the strata lot and interest in the common property hereby mortgaged to a person on the basis of an agreement providing for the purchase of the strata lot by the occupier or on the basis of a lease,

sublease, or assignment of lease for a term of three (3) years or more if by so doing the Mortgagor is deemed under the Act to have assigned to the occupier all the Mortgagor's rights, powers, duties, and obligations under the Act or the laws created under the Act.

8. Assignment of Rents

- 8.1 The Mortgagor does hereby assign and transfer unto the Mortgagee ALL AND SINGULAR the rents and leases, verbal or written, made with respect to the Lands, now or at any time in the future, together with all the benefits and advantages to be derived from the said rents or leases and each of them and all the rights therein. TO HAVE AND TO HOLD and to receive the same unto the Mortgagee its successors and assigns, until the whole sum of money, the Indebtedness, interest, Taxes, costs and expenses, insurance premiums and all other monies and obligations howsoever due and payable or to become due and payable under this Mortgage have been fully paid and satisfied.
- 8.2 Nothing contained herein shall be deemed to have the effect of making the Mortgagee responsible for the collection of the said rents or any part of parts thereof or for the observance or performance of any of the covenants, terms or conditions, either by the lessor or the lessee under the said lease or leases, to be observed or performed.
- 8.3 The Mortgagee shall be liable to account only for such monies as may actually come into its hands by virtue of these presents, less proper collection charges, and that such monies when so received by it shall at the discretion of the Mortgagee be applied on account of the monies secured by this Mortgage.
- 8.4 In the event of default by the Mortgagor under this Mortgage proceedings may at the option of the Mortgagee be taken under this assignment of rents either independently or in conjunction with the other rights and remedies of the Mortgagee under this Mortgage.
- 8.5 The Mortgagor shall not, without the prior written consent of the Mortgagee, accept prepayment of any rent due or to accrue due in respect of the said leases or any of them, but shall accept payment thereof only in the amounts and on the days and at the times and in the manner stipulated in the said leases.
- 8.6 This assignment of rents shall be deemed to apply to and have effect in respect of any further or other lease agreement for lease or right of occupancy of the Lands or any part or parts thereof situated on the Lands, which may exist during the currency of this Mortgage, whether in substitution for or in addition to those leases which are currently in effect.
- 8.7 Should the Mortgagee in its absolute discretion deem it advisable to take proceedings either judicial or extra-judicial by way of distress or otherwise for the enforcement of the payment of the rents assigned herein, the Mortgagor will join with the Mortgagee in such proceedings and does hereby grant to the Mortgagee irrevocably authority to join the Mortgagor in such proceedings.
- 8.8 Any monies received by the Mortgagor from the tenants of the Lands shall unless otherwise permitted in writing by the Mortgagee, be held by the Mortgagor in trust for the Mortgagee and shall be paid to the Mortgagee on demand.

9. Covenantor

9.1 This paragraph applies if this Mortgage has been executed by a "Covenantor" and if so, the Covenantor for the sum of TEN DOLLARS (\$10.00) of lawful money of Canada and other good and valuable consideration now paid by the Mortgagee to the Covenantor (the receipt and sufficiency of which is hereby acknowledged), hereby covenants, promises and agrees to and with the Mortgagee as a principal debtor and not as a surety:

- (a) to duly and punctually pay the Indebtedness, interest and all other moneys from time to time owing on the security of this Mortgage and to observe and perform or cause to be observed and performed all the covenants, agreements, terms, provisos, stipulations, and conditions herein contained on the part of the Mortgagor to be observed and performed and to indemnify, protect and save harmless the Mortgagee from all loss, costs and damage in respect of this Mortgage and every matter and thing herein contained;
- (b) that no release or releases of any portion or portions of the Lands and no indulgence shown by the Mortgagee in respect of any default by the Mortgagor which may arise under this Mortgage and no extension or extensions granted by the Mortgagee to the Mortgagor for payment of the moneys hereby secured, or for the doing, observing or performing of any covenant, agreement, matter or thing herein contained, to be done, observed or performed by the Mortgagor, nor any variation in or departure from the provisions of this Mortgage including but not limited to any variation or increase of the Mortgage Rate or any extension of the term of payment of the moneys secured hereunder, nor any taking of further security from the Mortgagor nor any other dealings between the Mortgagee and the Mortgagor, shall in any way prejudice the Mortgagee or modify, alter, vary or affect the liability of the Covenantor in any way under this covenant, which shall continue and be binding on the Covenantor, as well after as before default under, judgment upon, or maturity of this Mortgage, until the Indebtedness, interest and other moneys owing hereunder are fully paid and satisfied;
- (c) that the Mortgagee shall not be bound to exhaust its recourse against the Mortgagor or the Covenantor or any other person before enforcing its rights against the Covenantor;
- (d) that any failure on the part of the Mortgagee to perfect, maintain or enforce its rights, whether due to default, negligence or otherwise on the part of the Mortgagee, with respect to this Mortgage, or any other security granted to the Mortgagee relating to the within mortgage or the moneys secured hereby, shall not prejudice the Mortgagee with respect to its rights pursuant to this covenant and shall not discharge or limit or lessen the liability of the Covenantor pursuant to the terms hereof;
- (e) that the release of any person or persons comprising the Covenantor from his or her or its liability hereunder, in whole or in part, shall not affect the liability of any person or persons remaining as Covenantor above, which liability shall in each instance remain unimpaired and still in full force and effect as if each person being so released had not been party to this Mortgage; and
- (f) that the Mortgagee may vary any agreement or arrangement with any or all of the persons comprising the Covenantor and grant extensions of time to or

otherwise deal with the Covenantor without any consent on the part of the Mortgagor.

In witness whereof and to acknowledge their acceptance of and agreement to be bound by the forgoing express mortgage terms, each of the Persons comprising the Mortgagor has executed the Mortgage Form on the respective dates indicated opposite their names in item 12 thereof.

END OF DOCUMENT

SCHEDULE D

HOLBORN LICENSE AGREEMENT

THIS LICENSE AGREEMENT is effective as of the ____ day of _____.

BETWEEN:

HOLBORN PROPERTIES LTD.

Suite 10, 698 Seymour Street
Vancouver, BC V6B 3K6

(**"Holborn"**)

AND:

PROVINCIAL RENTAL HOUSING CORPORATION

1701 – 4555 Kingsway
Burnaby, BC V5H 4V8

(**"PRHC"**)

WHEREAS:

- A. PRHC is the registered owner of those lands situated in the City of Vancouver legally described as:

PID 002-546-787
Parcel C (Reference Plan 3508) of District Lots 637 and 638 Group 1 New Westminster District

(the **"Property"**)
- B. Holborn desires to conduct the Work, as defined in Section 3 of this License Agreement on the Property; and
- C. PRHC requires that Holborn execute this License Agreement as a precondition to entering upon the Property to undertake the Work.

NOW THEREFORE this License Agreement witnesses that in consideration of Ten Dollars (\$10) and the covenants and agreements hereinafter contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged and agreed to by each of the parties), the parties covenant and agree each with the other, as follows:

1. **Term**

PRHC hereby grants Holborn a nonexclusive license to enter upon the Property to undertake the Work, from May 1, 2013 to June 30, 2013 (the "**Term**").

2. **License Fee and Net License**

No license fee is payable by Holborn for the license granted pursuant to this License Agreement. Holborn acknowledges and agrees that it is intended that this License Agreement will be a completely carefree net agreement for PRHC and that PRHC will not be responsible during the Term for any costs, charges, expenses and outlays of any nature whatsoever, in respect of the carrying out of the Work.

3. **Permitted Use**

Holborn shall, subject to the terms and conditions of this License Agreement, have a license to occupy the Property subject to the existing tenancies for the purpose of developing the Property (the "**Work**") as contemplated by the Amended and Restated Purchase and Sale Agreement dated for reference the day of ♦, ♦ between Holborn and PRHC. Holborn agrees that it shall be the responsibility of Holborn to obtain, at its sole cost and expense, any approvals, consents and permits required to carry out the Work as contemplated by this License Agreement. Holborn shall be responsible for payment of all utilities utilized by Holborn and the use of any machinery, meters or other equipment utilized in respect of the Work.

4. **Non-Exclusive Use**

Notwithstanding anything to the contrary in this License Agreement, Holborn agrees that PRHC shall have, during the Term, the right to enter onto and use for all purposes, the Property in common with Holborn and to grant the right to other parties designated by PRHC, rights to use the Property, provided that the exercise of such rights do not interfere with the exercise by Holborn of its right to carry out the Work as provided hereunder.

5. **Execution of Work**

Holborn will carry out the Work, in a good and workmanlike manner and in a manner that minimizes interference with PRHC's use of the Property.

6. **Regulations and Bylaws**

Holborn shall, at its own expense, comply with and abide by all laws, bylaws and lawful orders including Environmental Laws relating to the performance of the Work and the occupation of the Property under this License Agreement.

7. **Property Licensed “as is”**

Holborn acknowledges that PRHC has made no representation or warranty as to the state of the Property. PRHC shall not be obliged to furnish services or facilities to the Property to facilitate Holborn in undertaking the Work.

8. **Insurance**

Holborn shall obtain and maintain during the Term comprehensive general liability insurance with a limit of not less than \$◆ and a deductible of not more than \$◆ indemnifying and protecting the insureds from claims for bodily injury or death to any person or persons or for any loss of or damage to any public or private property occurring within or about the Property arising by virtue of Holborn’s occupation of the Property. The insurance policy shall:

- (a) be written on an occurrence basis and include liability assumed under this License Agreement;
- (b) contain a cross liability or severability of interest clause;
- (c) be issued in the joint names of Holborn and PRHC;
- (d) be written in a form acceptable to PRHC and with insurers licensed to do business in the Province of British Columbia;
- (e) be endorsed as follows:

“It is understood and agreed that this policy will not be cancelled, reduced, materially altered or changed without the insurer giving at least thirty (30) days prior written notice to PRHC”; and

- (f) provide that all deductibles be for the account of and be paid by Holborn.

9. **Release and Indemnity**

9.1 Holborn hereby:

- (a) releases and discharges PRHC and its shareholders, directors, officers, employees, contractors, subcontractors, agents, licensees and invitees (the “PRHC Parties”) from and against:
 - (i) all damages, losses, costs, actions, causes of action, claims, demands, builders’ liens, liabilities, expenses and direct and consequential damages of any nature whatsoever;

- (ii) all actions, claims, demands, suits and judgments on account of injury or death occurring in or about the Property including claims or liabilities under workers compensation legislation; and
- (iii) damage to or loss of property occurring in or about the Property,

(collectively the “**Losses**”) that may arise or accrue to Holborn or its shareholders, directors, officers, employees, contractors, subcontractors, agents, licensees or invitees (the “Holborn Parties”) to the extent that such Losses arise from or relate to the use or occupation of the Property by the Holborn Parties or otherwise arise from or relate to the Work or this License Agreement; and

- (b) covenants and agrees to indemnify and save harmless the PRHC Parties from and against all Losses which the PRHC Parties may incur, sustain or be put to arising from or relating to the use or occupation of the Property by the Holborn Parties or otherwise arising from or relating to the Work or this License Agreement.

This release and indemnity will survive the expiry or termination of this License Agreement.

10. **No Encumbrances**

Holborn shall not suffer or permit any charge or encumbrance, including any claim of Builder's Lien ("**Encumbrance**") to be filed or registered against the title to the Property by reason of any work, labour, services or materials supplied or claimed to have been supplied to or on the behalf of the Holborn and in the event that such an Encumbrance shall at any time be filed against the Property, Holborn will cause the same to be discharged or vacated within thirty (30) days after the date Holborn first has knowledge of such filing provided that if Holborn fails to discharge such Encumbrance within such period, then, in addition to any other right or remedy of the PRHC, PRHC may, but will not be obligated to, discharge such Encumbrance either by paying the amount claimed to be due thereby, or by deposit in court or by bonding, and in any such event Holborn will forthwith pay PRHC such amount provided that Holborn will not be required to pay or discharge any such Encumbrance if it gives notice in writing to PRHC of its intent and does in good faith proceed to contest the same by appropriate proceedings and provided that Holborn furnishes a surety bond of a company satisfactory to PRHC in an amount sufficient to pay such contested Encumbrance claim with all interest thereon and court costs and expenses, including reasonable solicitor's fees on a solicitor and client basis.

11. **Time is of the Essence**

Time will be of the essence of this License Agreement

12. **Relationship**

The granting of this license will not create a landlord and tenant relationship between PRHC and Holborn nor does this license grant Holborn any interest in the Property. This License Agreement cannot be assigned by Holborn.

IN WITNESS WHEREOF the parties have executed this License Agreement as of the day and year first above written.

HOLBORN PROPERTIES LTD.

by its authorized signatory

Per: _____
Authorized Signatory

PROVINCIAL RENTAL HOUSING CORPORATION

by its authorized signatory(ies)

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

SCHEDULE E

LEASE

[to be attached]

SCHEDULE F

COMMISSION'S MORTGAGE

[The Commission's Mortgage will contain the terms and conditions in BC Housing's standard form construction mortgage.]