

CITY OF SURREY

BY-LAW NO. 12379

A by-law to authorize the leasing of certain lands and premises belonging to the City of Surrey.
.....

WHEREAS the lands and premises hereinafter described are the property of the City of Surrey and it is deemed advisable to lease the same to:

PARK PLACE TENNIS CENTRE LTD. (Inc. No. 457325);

AND WHEREAS the Council may by by-law lease any property owned by the City pursuant to Section 542 of the "Municipal Act", being Chapter 290 R.S.B.C., 1979;

NOW, THEREFORE, the Council of the City of Surrey, in open meeting assembled, ENACTS AS FOLLOWS:

1. The Council of the City of Surrey is hereby authorized to lease to:

Park Place Tennis Centre Ltd. (Inc. No. 457325),
having an address at 1678 - 156 Street, in the
City of Surrey, Province of British Columbia,
V4A 4T1

for a term of Five (5) Years at One Dollar (\$1.00) per annum payable on the date of commencement and the anniversary date thereof during the term until the 30th month of the term at which time will be payable Twelve Thousand Dollars (\$12,000) per annum plus 3.5% of the total gross revenues generated by the facility each year, with a provision for Four (4) renewal terms of Five (5) years under the terms and conditions set out in the Indenture.

ALL AND SINGULAR that certain parcel or tract of lands and premises, situate lying and being in the City of Surrey, in the Province of British Columbia and being more particularly known and described as:

All that part of Lot "A", Section 7, Township 8, New Westminster District, Plan NWP88205 described as follows:

Commencing at a point on the westerly boundary of Lot "A" which lies 104.0 metres northerly of the southwest corner of said Lot "A";

Thence in a northerly direction along the westerly boundary of said Lot "A", a distance of 45 metres to a point on the westerly boundary of said Lot "A";

Thence on a bearing of 90°26'54" a distance of 125 metres to a point;

Thence on a bearing of 180°10'45" a distance of 45 metres to a point;

Thence on a bearing of 270°26'54", more or less, a distance of 125 metres, more or less, to the point of commencement;

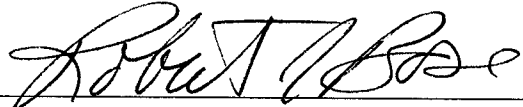
The above described part of said Lot "A" contains 0.5625 hectares, more or less.

(Portion of 6330 - 168 Street)


2. The Mayor and Clerk are hereby authorized to execute the said lease on behalf of the City of Surrey, in the form attached hereto and forming Schedule "A" to this By-law.
3. This By-law shall be cited for all purposes as "Park Place Tennis Centre Ltd. Land Leasing By-law, 1994, No. 12379."

PASSED THREE READINGS on the 4th day of July, A.D., 1994.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the 11th day of July, A.D., 1994.



MAYOR



CLERK

CLKBLW2715

Land Title Act
Form C
Province of British Columbia

GENERAL DOCUMENT

(This Area for Land Title Office Use)

Page 1 of 29 pages

1. Application: (Name, address, phone nbr. and signature of applicant)
Kim Willems, Agent for The City of Surrey
14245-56th Avenue
Surrey, B.C. V3X 3A2 591-4434

2. Parcel Identifier and Legal Description of Land:
(PID) (Legal Description)

017-134-307

Lot A Sec 7 Tp 8 NWD Plan NWP88205

3. Nature of Interest:
Description

Document Reference
(page & Paragraph)

Person Entitled to Interest

Lease over part
shown on
Plan LMP 20634

Pages 3 to 29 inclusive
Entire Instrument

Transferee

4. Terms: Part two of this instrument consists of (select one only)

(a) Filed Standard Charge Terms

D.F. No.

(b) Express Charge Terms

Annexed as Part 2

(c) Release

There is no Part 2 of this instrument

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

5. Transferor(s):

CITY OF SURREY, a Municipal Corporation having its offices at
14245 - 56th Avenue, Surrey, B.C., V3A 3X1

6. Transferee(s): (including occupation(s), postal address(es) and postal code(s))

PARK PLACE TENNIS CENTRE LTD. (Inc. No. 457325), a Company incorporated
under the laws of the Province of British Columbia and having a place of business located
at 1678 - 156th Street, Surrey, B.C., V4A 4T1

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 Transferors 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

Transferor/Borrowers/Party Signature

Y / M / D

94 7 28

CITY OF SURREY by its authorized signatories:

Robert Bose

Mayor - Robert Bose

Donna Kenny

Clerk - Donna Kenny

Jerry Huot

94 06 20

PARK PLACE TENNIS CENTRE LTD. by its authorized signatories:

L. Vinson

(print name:)

LEK. VINSON

JERRY P.J. HUOT
NOTARY PUBLIC
#31 - 1480 Foster Street
White Rock, B.C. V4B 3X7
Ph: (604) 836-3276

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. 1979, c.116, to take affidavits for use in British Columbia and certifies the matters set out in Part 5 of the Land Title Act.

CITY OF SURREY
14245 - 56th Avenue
Surrey, B.C.
V3X 3A2

(hereinafter called "Landlord")

OF THE FIRST PART

AND:

PARK PLACE TENNIS CENTRE LTD.
1678 - 156th Street
Surrey, B.C.
V4A 4T1

(hereinafter called "Tenant")

OF THE SECOND PART

Whereas the Landlord is the owner in fee simple of those certain lands situate within the City of Surrey in the Province of British Columbia and being more particularly known and described as: P.I.D. No.: 017-134-307, Lot A, Sec. 7, Tp. 8, NWD Plan NWP88205.

ARTICLE I

Definitions

- 1.01 "Commencement Date" means: the commencement of the lease term, the date on which the Landlord delivers possession of the Leased premises to the Tenant.
- 1.02 "Lease Year" means a 12 month period commencing with the 1st day of January in one calendar year and ending on the last day of December in that calendar year; providing that the first Lease Year shall commence on the commencement date of the term and end on the last day of December in the calendar year of the commencement date of the Term and the last Lease Year shall end on the last day of the term of this lease and commence on the 1st day of January preceding that date.
- 1.03 "Leased Premises" means the lands and buildings located in the City of Surrey, in the Province of British Columbia more particularly described as:

that portion outlined in heavy black line of
Parcel Identifier 017-134-307
Lot A, Sec. 7, Tp. 8
NWD
Plan NWP88205

as shown on Plan LMP 20634

attached hereto as Schedule "D", or as the boundaries of such lands may be varied from time to time, together with the buildings, improvements and facilities established as at the commencement of the term or subsequently added thereto from time to time.

- 1.04 "Gross Rent" means base rent plus additional rent (percentage rent).

ARTICLE II

Grant

- 2.01 Leased Premises

Witness that in consideration of the rents, covenants and agreements hereinafter reserved and contained in the part of the Tenant being observed and performed the Landlord demises and leases to the Tenant and the Tenant leases from the Landlord and thereby that the Tenant may develop, establish and operate a tennis centre upon these certain portion of Lands being situate within the City of Surrey, in the Province of British Columbia, more particularly described as:

that portion outlined in heavy black line of
Parcel Identifier: 017-134-307
Lot A, Sec. 7, Tp. 8
NWD
Plan NWP 88205

as shown on Plan LMP 20634

(hereinafter referred to as the "Leased Premises")

Now therefore this agreement witnesseth that for and in consideration of the premises and of the mutual terms and covenants hereinafter contained, it is hereby agreed by and between the parties hereto as follows:

- 2.02 Term

The Landlord does hereby lease and demise unto the Tenant the Leased Premises for a term of five (5) years commencing on the first (1st) day of April 1994 and ending on the thirty first (31st) day of March 1999.

ARTICLE III

Renewal Option

- 3.01 If the Tenant has performed all of its covenants and is not in default under any of the terms of the lease, then the Tenant, on giving written notice to the Landlord not later than six (6) months prior to the last day of the term of the lease, shall have the right to renew the lease for four (4) renewal terms of five (5) years in accordance with the same terms and conditions as contained in the Articles of the Lease Agreement except the Base rent and the rate of which the Percentage rent is payable by the Tenant to the Landlord in the operation of Park Place Tennis Centre Ltd.

Failing agreement by the parties on such rental rate, within one hundred twenty (120) days prior to the expiry of the term of the lease, as determined by arbitration based on the criteria set out above, by an arbitrator under the Commercial Arbitration Act of British Columbia, and amendments thereto, or any like statute in effect from time to time, and the decision of such arbitrator shall not be restricted to charging the fees provided for in the said Arbitration Act. The costs of such arbitration shall be borne equally by the parties. Except as otherwise provided for herein, the provisions of the said Commercial Arbitration Act shall apply.

ARTICLE IV

Base Rent and Additional Rent

4.01 The Tenant shall pay an annual rental of ONE (\$1.00) Dollar payable on the date of commencement and the anniversary date thereof during the term until the 30th month of the term at which time the Tenant will pay a BASE RENT of One thousand dollars (\$1,000.00) per month, (twelve thousand dollars per year (\$12,000) and percentage rent of 3.5% of the total gross annual revenues made by the Tenant in the operation of the improvements upon the Leased Premises (hereinafter referred to as "Park Place Tennis Centre") (as shown in pro-forma statement attached as Schedule "B") provided, however, that this Article is subject to the following terms and conditions:

- (a) that the Tenant shall keep proper accounting records with respect to the operation of the tennis facility and shall produce to the Landlord an annual audited operating statement of Park Place Tennis Centre within 90 days of the Tenants year end.
- (b) that it is acknowledged and agreed by the Tenant and the Landlord that the revenues, expenses, excess revenues and capital costs as used herein shall be the actual revenues, expenses, excess revenues and capital costs.
- (c) all payments of rent shall, if the Landlord so requests, be made by way of a series of cheques, post-dated to the respective due date of such payments, which the Tenant shall supply to the Landlord at the commencement date of each Lease Year or earlier should the Landlord so request, or by way of an automatic debiting system by which payments are deducted from the Tenant's bank account and credited to the Landlord, all at the Tenant's cost and all without prejudice to any other right or remedy of the Landlord.
- (d) that notwithstanding any other Article contained in this Indenture, it is agreed by the Tenant and the Landlord that the Base Rent and the Percentage Rent contemplated to the Landlord during any Lease renewal option periods thereof hereinbefore set forth in this Article, shall be renegotiated and agreed to between the Tenant and Landlord on or before the expiry date of each term or any renewal thereof this indenture.
- (e) Gross revenues shall mean and include: all revenues generated in the day to day operation of the facility as outlined in the tenants Pro forma operating statement which includes; membership

fees and annual dues, public court charges, pro shop sales revenue, food/beverage sales, equipment sales, guest fees and miscellaneous revenues.

- (f) Gross expenses shall mean and include; all expenses incurred in the day to day operation of the facility which includes, staff salaries, utilities, marketing/promotion, telephones, office and janitorial supplies, insurance, grounds maintenance, accounting, legal and bank charges for operation of business, signage, licenses, pro shop supplies, subscriptions, dome lease charges and miscellaneous expenses. Gross expenses does not include financing charges, development costs, landscaping costs and Tenant's capital costs.

4.02 Records and Books of Account

For the purpose of ascertaining the amount payable as percentage rent, the Tenant agrees to prepare and keep on the Leased Premises or at its head office for a period of not less than two (2) years following the end of each Lease Year, adequate books and records which shall show all sales and charges, and daily receipts from all sales and other transactions on or from the Leased Premises by the Tenant and any other persons including any sub-tenant or concessionaire conducting any business upon or from the leased premises. The Landlord and its authorized representatives shall have the right to examine the Tenant's records aforesaid during regular business hours, and shall have the right to have a person on the Leased Premises to check and tabulate Gross Revenue minus expenses, provided that such person shall not interfere with the conduct of the Tenant's business in the Leased Premises, providing that the Landlord has given at least (48) hours prior written notice to the Tenant.

4.03 Right to Examine Books

The acceptance by the Landlord of payments of percentage rent shall be without prejudice to the Landlord's right to an examination of the Tenant's books and records of its Gross Revenue minus expenses at the Leased Premises for the period covered by any statement issued by the Tenant or the Tenant's accountants as above set forth.

4.04 Audit

At its option, the Landlord may cause at any reasonable time upon forty eight (48) hours prior written notice to the Tenant, a complete audit to be made of the Tenant's entire business affairs and records relating to the Leased Premises by a certified chartered accountant for the peirod covered by any statement issued by the Tenant as above set forth. If such audit shall disclose a liability for percentage rent to the extent of three (3%) percent or more in excess of the percentage rent theretofore computed and paid by the Tenant for such period, the Tenant shall promptly pay the cost of said audit in addition to the deficiency, which deficiency (even if less than 3%) shall be payable in any event.

ARTICLE V

Net Lease

5.01 Intent

The Tenant acknowledges and agrees that it is intended that this lease shall be a completely carefree net lease for the Landlord except as shall be otherwise provided in the specific provisions contained in this Lease, and that the Landlord shall not be responsible during the term of the lease for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Leased Premises, or the contents thereof, and the Tenant, except as shall be otherwise provided in the specific provisions contained in the lease, shall pay all charges, impositions and costs of every nature and kind relating to the Leased Premises and the Tenant covenants with the Landlord accordingly.

ARTICLE VI

Taxes

6.01 Taxes Payable by Tenant

In each and every year during the term, the Tenant shall pay and discharge within twenty (20) days after same becomes due and payable, all taxes, rates, duties and assessments and other charges that may be levied, rated; charged or assessed against or in respect of all property, improvements, machinery, equipment and facilities of the Tenant on or in the Leased Premises, and every tax and licence fee in respect of any and every business carried on therein or in respect of the use or occupancy thereof by the Tenant (and any and every sub-tenant or licensee), whether such taxes, rates, duties, assessments, capital tax and licence fees are charged by any city, parliamentary, school or other body during the term, against the Tenant or against the Landlord on account of the Tenant's use and occupancy of the Leased Premises and against payment of all loss, costs, charges and expenses occasioned by, or arising from any and all such taxes, rates, duties, assessments, licence fees, and any and all taxes which may in future be levied in lieu of such taxes; and any such loss, costs, charges, and expenses suffered by the Landlord may be collected by the Landlord as rent with all rights of distress and otherwise as reserved to the Landlord in respect of rent in arrears. The Tenant will be billed for its proportionate share of the taxes allocated to the Leased Premises within that portion of the Cloverdale Athletic Park.

6.02 Evidence of Payment

The Tenant further covenants and agrees that upon request of the Landlord, the Tenant will promptly deliver to the Landlord for inspection, receipt for payment of all taxes, rates, duties, assessments, and other charges in respect of all improvements, equipment and facilities of the Tenant on or in the Leased Premises which were due and payable up to one (1) month prior to such request, and in any event will furnish to the Landlord evidence of payment satisfactory to the Landlord before the twenty-first (21) day of January in each year covering payments of the preceding year.

ARTICLE VII

Use of Premises

7.01 Use of Premises

The Tenant shall use the Leased Premises for a tennis centre which may also include:

- (i) a pro-sports shop operation
- (ii) a food/beverage operation
- (iii) a fitness operation
- (iv) a day-care centre

plus other "sanctioned" auxiliary operations.

7.02 Non-Contravention of By-Laws

The Leased Premises shall be for the uses contemplated herein, such uses not to contravene the by-laws and policy regulations of the Landlord and including without limiting the uses contemplated, all facilities incidental to the establishment of a tennis facility and for the conduct of programmed and special sport events and the establishment and operation of services collateral thereto including the provision of food and beverage services, but that the said food and beverage services shall be subject to the following terms, conditions and restrictions:

- (i) no liquor shall be permitted to be sold, possessed or consumed upon the Leased Premises except in accordance with a "Special Occasion License" (S.O.L.) duly issued pursuant to the Liquor Control and Licensing Act and regulations made thereto;
- (ii) the Tenant shall not be entitled to apply or obtain any other category of liquor license save and except the permitted "Special Occasion License" (S.O.L.);
- (iii) all liquor sold in accordance with any "Special Occasion License" (S.O.L.) shall be consumed within the improvements upon the Leased Premises and in areas within the said improvements. The Landlord shall allow the tenant to apply for such S.O.L. Licenses at their discretion during the whole term of the Lease;
- (iv) no liquor shall be sold for off-premises consumption;

ARTICLE VIII

Utilities - Leased Premises

8.01 Utility Charges

The Tenant shall be solely responsible for and shall promptly pay all charges for garbage removal, electricity, gas, water, telephone and other utilities supplied to the Land and to be solely responsible for all costs and expense of providing all and every kind of labour, superintendence, services, tools, machinery, plant, equipment, materials, supplies, articles and other things necessary or required for, or in connection with, the management, operation, expansion and maintenance of the improvements of the Leased Premises. In no event shall the Landlord be liable for, nor have any obligation with respect to an interruption or failure in the supply of any such utilities or services to the Leased Premises, whether supplied by the Landlord or others.

ARTICLE IX

Maintenance of Leased Premises

9.01 Maintenance by Tenant

The Tenant shall at all times keep the leased premises in neat, safe, clean and sanitary condition and shall not allow any refuse or garbage, or loose or waste material to accumulate in or about the Leased Premises. All trash, rubbish, waste material and other garbage shall be kept at all times from the view of the general public, and shall be disposed of by the Tenant on a regular basis, as determined by the Landlord but at the Tenant's sole expense. In the event the Tenant fails to clean in accordance with this Section 9.01 upon written notice from the Landlord so to do, the Landlord may clean the same and the cost thereof shall be paid by the Tenant to the Landlord as additional rent, upon demand.

9.02 Landlord's Approval

Before commencing any construction, clearing of land, cutting of trees, repairs, replacements, maintenance, alteration, decoration or improvements set out above, or elsewhere referred to in this lease, the Tenant shall obtain the Landlord's written approval, which shall not be unreasonably withheld, and shall, if required by the Landlord to do so, submit plans and specifications therefor. Any repairs, replacements, maintenance, alterations, decorations or improvements so done by the Tenant shall be carried out in a good workmanlike manner.

9.03 Grounds Maintenance of Leased Premises

The Tenant will be fully responsible for the grounds maintenance areas and any costs associated with this maintenance within the area so described in the "Metes and Bounds" description of that portion of the Cloverdale Athletic Park (attached as Schedule "C") described as the site of Park Place Tennis Centre.

This maintenance is to include; landscaping maintenance, cleanup, general site maintenance and repair, the cutting, removal and disposal of trees and other impediments to the site and removal of all garbage and waste material from the site.

9.04 Billing of Grounds Maintenance

The control and responsibility of the "grounds maintenance" will be of the Tenant. The Tenant will perform the required "maintenance" by provision of staff services of the City of Surrey. The billing of this maintenance will be done on a monthly basis, with billing invoices sent directly to the Tenant. The Tenant will be required to pay upon receipt of invoice.

ARTICLE X

Improvements and Future Expansion

10.01 Tenants Rights to Improve Premises

The Tenant shall have the right to construct, make, erect, renew, repair, replace from time to time all improvements to and upon the Leased Premises in accordance with the intended scheme of use and development of the Leased Premises and for the establishment of a tennis facility thereon, provided:

- (a) that prior to the commencement of making of such improvements, the Tenant shall submit to and for the approval of the Landlord, said approval not to be unreasonably withheld, a scheme of the intended use and development of the Leased Premises;
- (b) that prior to commencement and throughout the making of such improvements, the Tenant shall comply with all design and other specifications set forth and contained in said scheme of development and that the Tenant shall submit to the Landlord copies of all detailed drawings, elevations as required and other specifications, all of which shall comply with the by-laws and policy regulations of the Landlord and other authorities having jurisdiction;
- (c) that all such improvements, replacements, renewals, additions and all repairs therefor shall be performed in a good and workmanlike manner and with reasonable diligence and that the Leased Premises shall be kept free and clear of all builders' liens arising in connection with the making of said improvements;
- (d) that the improvements to and upon the Leased Premises shall be substantially in accordance with the Proposal for a Tennis Facility as prepared by the Tenant and relied upon by the Landlord.

10.02 Future Expansion of Tennis Centre

The Landlord will give consideration to any request by the Tenant during the Lease term or renewal periods of the Lease to any proposal to future expansion of the Tennis Centre, which will require an additional portion of land within the Cloverdale Athletic Park. The Tenant shall submit to and for the approval of the Landlord, a scheme of the intended use and development of the proposed expansion. Said approval not to be unreasonably withheld if proposal is within the conformity of the Parks and Recreation Departments intended plans and use for this expansion area.

10.03 Future Parking Areas

The Tenant hereby agrees to enter into a "cost share" agreement for the future development of additional parking areas adjacent to the said Tennis Centre site.

Such agreement to be entered into between the Landlord and the Tenant before the commencement of this project in order to determine the share of the design, construction and maintenance costs to be allocated to the Tenant which will be determined by the Tenant's proportionate share of parking space used by the Tennis Centre.

10.04 Tennis Centre's sewer line connection to future main municipal sewer system

The Tenant hereby agrees to pay one hundred per cent (100%) of all costs associated to the design; construction and maintenance of a sanitary sewer line connection between the Tenant's Clubhouse and proposed future main sanitary sewer line on 168 Street adjacent to Tenant's site.

ARTICLE XI

Use

11.01 Nuisance or Unlawful Use

The Tenant shall not itself or permit other to conduct or carry on any activity upon the Leased Premises constituting a nuisance or for any unlawful purpose or in any manner which may cause the cancellation of any policy of insurance whether maintained by the Landlord or the Tenant, or the refusal of any insurer to enter into any such contract.

11.02 Tennis Centre Use

The Tenant shall use and occupy the Leased Premises for the purposes of providing recreational activities, including the incidental uses permitted herein, and including the prime intent that the Tenant may develop public skills and interest in the sport of tennis within the community and throughout and beyond the Province of British Columbia but for no other purpose or use except that purpose or use as approved in writing by the Landlord at its discretion, said approval not to be unreasonably delayed or withheld.

11.03 Administration

Subject to the terms of this Lease and of all by-laws and policy regulations of the Landlord of general application to sport facilities, the Tenant shall have the sole and separate right to administer and operate the tennis facility; provided and it is expressly understood and agreed that the Tenant shall consult with the Landlord and that each shall enter into operating agreements to the effect that the tennis facility shall be available in connection with sport activities promoted by the Landlord for and in the name of the City of Surrey.

11.04 Other Uses

And the Tenant, acting reasonably, shall have the right to grant licenses, concessions and sub-leases of portions of the Leased Premises, subject to the approval of the Council of the City of Surrey, said approval not to be unreasonably delayed or withheld, in connection with the establishment and operation of food and beverage service outlets and other activities deemed by the Tenant to promote the name and reputation of the sport facility and to assist in the proper funding thereof both for capital and operational purposes; and to such intent, the City shall authorize and provide such assurances as may be necessary or desirable that the Tenant shall be granted a special event liquor license only by the Liquor Control and Licensing Branch of the Province of British Columbia.

The Tenant shall be responsible for and shall indemnify the Landlord from and against any and all cost, charge and expense whatsoever and howsoever arising in connection with the administration, management and operation of "Park Place Tennis Centre Ltd.".

ARTICLE XII

Assignment and Subletting

12.01 Assignment and Subletting

- (a) The Tenant shall not assign, sublet or transfer this lease without the prior approval and written consent of the Landlord, said approval not to be unreasonably withheld.
- (b) Any assignment by operation of any law of bankruptcy or insolvency or any assignment for the benefit of creditors of the Tenant of the Land and privileges hereunder, but no forfeiture hereunder shall be deemed to affect any rights or damages which may have accrued to the Landlord against the Tenant by reason of any breach of any of the provisions herein contained.
- (c) The Tenant shall not, without the prior written consent of the Landlord, mortgage or charge by way of assignment or otherwise, this Lease or the interest of the Tenant hereunder; PROVIDED that such consent shall not be unreasonably withheld where the mortgage is in favour of an institutional mortgagee (as herein defined). For the purposes of this paragraph, the term "mortgage" shall be deemed to include any mortgage by way of sub-lease or by way of deed of trust and mortgage and the term "institutional mortgagee" shall be deemed to include a corporate trustee under any such deed of trust and mortgage, and institution or corporation ordinarily engaged in and authorized under the laws of Canada and the laws of the competent governmental bodies having jurisdiction thereover to engage in, inter alia, the business of lending money on the security of first mortgages or real property, a loan and/or trust company, a chartered bank, a savings bank, PROVIDED FURTHER however that nothing in this paragraph shall relieve the Tenant from any of its obligations and liabilities hereunder.

12.02 Any Loan Proceeds to be Applied to Improvements

The Tenant shall be permitted to grant a mortgage of this lease and of any renewal lease as security for borrowings by the Tenant provided that the loan proceeds shall be fully applied to the making of all intended improvements and otherwise in connection with the operation and maintenance of the tennis facility and provided further that any such mortgage is subject to the terms and covenants herein.

12.03 Liens, Encumbrances

The Tenant shall forthwith discharge any claim or lien filed against title to the Leased Premises for work or materials supplied to or on behalf of the Tenant.

ARTICLE XIII

Right-of-Entry

13.01 Right-of-Entry

The Landlord acting by any person duly appointed from time to time by the Landlord and including the Parks and Recreation Administrator or any Inspector of the City shall have the right at all reasonable times to enter upon the Leased Premises and to inspect the same and to conduct any work or operation normal to the conduct and activities of the Landlord in supplying services to lands within the City of Surrey and including for the purpose of repairing, maintaining or constructing any public utility thereon.

13.02 Default

That if the Tenant is in default of any of the terms and covenants contained herein, and following 90 days notice of default, or extended by reasons beyond the reasonable control of the Tenant, and the Tenant fails to fully remedy any default as stipulated herein, and within the said terms for reactivation, then the Landlord shall have the right to re-enter upon and take possession of the Leased Premises including any improvements thereon.

ARTICLE XIV

Repair & Damage

14.01 Repair

The Tenant shall maintain the Buildings of the Leased Premises in good repair, save reasonable wear and tear.

14.02 Damage

The Tenant agrees that in the event of damage to or partial destruction of the tennis facility, the Tenant shall replace the tennis facility as and to the extent so destroyed.

ARTICLE XV

15.01 Letter of Credit

Upon approval of the site plan and plans and specifications by the City, Park Place Tennis Centre Ltd. agrees to deposit with the Landlord (the "security") by way of a irrevocable Letter of Credit approved by the Landlord in the total amount of thirty five thousand dollars (\$35,000) which is one hundred per cent (100%) of the estimated cost as approved by the Landlord, of the improvements (concrete foundation of the tennis facility and site preparation) contemplated by the plans and specifications for the project to be constructed upon the lands by Park Place Tennis Centre Ltd. In the case of abandonment of the project or termination of this Lease by Tenant default, the Landlord shall be entitled to draw such amounts against the Security then held as is necessary to remove the construction of the improvements and restore the site back to its original state. Said Security deposit to be held by the Landlord until all construction work is completed and tennis centre is operational and generating revenues.

15.02 Initial Construction of Project

All construction of the Improvements on the Lands will be pursued diligently, continuously and in a good and workmanlike manner to completion in accordance with the approved Site Plan and the approved Plans and Specifications. No material change shall be made from the Site Plan or the Plans and Specifications during the initial construction of the Project without the prior written consent of the Landlord such consent not to be unreasonably withheld. No change shall be made to the construction schedule without the prior written consent of the Landlord, such consent not to be unreasonably withheld.

All products to be supplied in connection with the work shall be new unless otherwise set out in the Plans and Specifications.

The Tenant shall bear all costs of construction directly or indirectly arising with respect to the project including, without limiting the generality of the foregoing, any and all federal, provincial or other sales taxes, customs and excise duties, freight costs, charges, development cost charges, special assessment or other capital levies, utility or service connection fees or charges.

The Tenant shall satisfy itself that all needed services adequate for the purposes of the project, including and without limiting the generality of the foregoing, storm and sanitary sewers, water supply, electricity and gas are at the existing terminus of the Project and the Landlord agrees that subject to payment of normal hook-up charges, Park Place Tennis Centre shall be entitled to connect to such services.

The Landlord shall have access to the work for inspection wherever it is in preparation or progress. The Tenant shall cooperate with the Landlord's personnel and provide them all information and facilities as may be required for them to represent the Landlord.

ARTICLE XVI

Insurance and Indemnity

16.01 General Liability and Risk Damage Insurance

The Tenant shall at its own expense maintain with insurers and in such forms as may be satisfactory to the Landlord policies of insurance, as follows:

- (a) a comprehensive general liability insurance policy for bodily injury including death and property damage in an amount of not less than \$5,000,000 inclusive and for any one occurrence and that the Landlord shall be named as an insured and to include products and completed operations coverage;
- (b) insurance for loss or damage by fire and all other perils provided pursuant to an all risks insurance policy in an amount of not less than the replacement cost of the tennis facility and all other improvements in and upon the Leased Premises and wherein the Landlord shall be named as an insured.

16.02 Insurance Coverage During Construction

During the term of construction (and until work is completed and accepted by the Landlord) of any building or structure, and of any addition in existing facilities leased by the Tenant from the Landlord, and in addition to those insurances mentioned in this Lease:

- (a) an "All Risks" course of construction insurance policy for an amount of not less than the total insurable value of the property being constructed;
- (b) a contractors comprehensive liability insurance policy for bodily injury (including death) and property damage in an amount of not less than FIVE MILLION (\$5,000,000) DOLLARS for any one occurrence, including products and completed operations and contractual liability coverage;
- (c) both insurance policies are to include the Landlord, the Tenant and the contractor as Named Insureds and shall also include each and every sub-contractor.

16.03 Material Change in Policy

The insurance policies mentioned in this Lease shall include provision for the Landlord to be given thirty (30) days written notice prior to cancellation or material change of said policies of insurance; and the Landlord to be advised immediately should said policies of insurance lapse or otherwise be discontinued.

16.04 Certified Copies

The Tenant shall provide certified copies of those insurance policies mentioned in this Lease to the Landlord at inception of this Lease and prior to any construction, and furnish documentary evidence satisfactory to the Landlord of the renewal or continuance of such insurance at or before the expiry date(s) thereof.

16.05 Landlord Right to Purchase Insurance

In the event of the Tenant failing to provide to the Landlord any of the documents mentioned in Clause 16.04 hereof, or otherwise fail to prove to the Landlord of the existence of any required insurance, the Landlord shall at its discretion, have the right to purchase on behalf, and at the expense, of the Tenant, the required insurance coverage.

16.06 Deductible Expense

The Tenant, and not the Landlord, shall be responsible for any deductible that may apply in any of the aforementioned insurance policies.

16.07 Use of Insurance Monies

Insurance monies realized from any policy of insurance required by this section shall be used:

- (a) to repair or rebuild the property insured, or
- (b) for such purposes as the Tenant and Landlord may agree.

16.08 Indemnification of Landlord

- (a) The Tenant will indemnify the Landlord and save it harmless from and against any and all claims, demands, actions, suits and other proceedings by whomsoever made or brought against the Landlord by reason of, or arising out of, the death or injury of any person or person or the damage or destruction of any property while in, about or near the demised lands or any part or parts thereof, whether or not such death or injury or damage or destruction was caused or contributed to by any act or omission on the part of the Tenant, its agents, contractors, servants, employees, sub-contractors, invitees, or licensees or on the part of the Landlord, his offices, agents, servants or employees or on the part of any other party or on the part of any, some or all of them or by any want or defect in any plan or specification or any construction, repair, maintenance or reconstruction or by any use, possession, operation or occupancy of the above mentioned land or any part of parts thereof or otherwise, howsoever and notwithstanding that such may give rise in law to an action in negligence or for other tortious liability.
- (b) The Landlord shall not be liable or responsible in any way for personal or consequential injury of any kind whatsoever that may be suffered or sustained by the Tenant, or any employee, contractor, sub-contractor, servant, agent, licensee, or invitee or the Tenant or any other persons may be upon the Leased Premises or any part or parts thereof, or for any loss, theft, damage or injury to any property upon those lands or any part or parts thereof, however caused.

- (c) Evidence of insurance policies herein required to be secured and obtained by the Tenant.

ARTICLE XVII

Corporate Records

17.01 Maintenance of Corporate Existence

The Tenant shall maintain its corporate existence and shall file an Annual Report incidental to the operation of the tennis facility with the Landlord at the end of each fiscal year of the Tenant and to include the following:

- (a) financial statement as required pursuant to the "Company Act" of British Columbia.
- (b) Notification regarding changes to the Constitution of the Corporation.
- (c) A statement of election of officers of the Corporation.

17.02 Control of Corporation

If the Tenant is a corporation, other than a corporation the shares of which are listed on any recognized stock exchange, effective control of the corporation shall not be changed directly or indirectly by a sale, encumbrance or other disposition of shares or otherwise howsoever, without first obtaining the written consent of Landlord.

17.03 No Bulk Sale

No bulk sale of the goods and assets of the Tenant may take place without first obtaining the written consent of the Landlord, which consent shall not be unreasonably withheld so long as the Tenant and the purchaser are able to provide the Landlord with assurances, in a form satisfactory to the Landlord, that the Tenant's obligations hereunder will continue to be performed and respected, in a manner satisfactory to the Landlord, after completion of the said bulk sale.

ARTICLE XVIII

Waste, Governmental Regulation

18.01 Waste or Nuisance

The Tenant shall not commit or suffer to be committed any waste upon the Leased Premises or any nuisance or other thing which may disturb the quiet enjoyment of the surrounding area, and that where a nuisance caused by the Tenant or those for whom the Tenant is in law responsible exists upon the Leased Premises, the Landlord may order the Tenant to abate the nuisance and if the Tenant or occupier shall fail to do so within a reasonable period of time, the Landlord may take whatever steps he deems necessary to abate the said nuisance, and the cost thereof shall be deemed to be rent, due and forthwith payable by the Tenant to the Landlord and collectible by the Landlord.

ARTICLE XIX

Termination

19.01 Termination

In the event that:

- (a) the Tenant voluntarily winds up its affairs;
- (b) the Tenant becomes bankrupt;
- (c) a Receiver is appointed in respect of the Tenants' assets;
- (d) the Tenant fails to remedy any default pursuant to the terms and conditions of this Lease within sixty (60) days after receipt of written notice of default from the Landlord, then this Lease shall immediately become null and void and the Leased Premises shall revert to and all improvements and assets thereon shall become the sole property of the Landlord free and clear of any liens, judgments, mortgages, debentures or any other encumbrances to be received by the Landlord in the then state and condition thereof.

ARTICLE XX

Default of Tenant

20.01 Right to Re-enter

PROVIDED ALSO that this lease and the term and estate hereby granted are subject to the limitation that

- (a) if the Tenant shall default in the payment of any installment of rent, or the payment of any other sum payable hereunder, and such default shall continue for (7) days after the giving of written notice by the Landlord to the Tenant;
- (b) if the Tenant shall fail to perform or observe any of the covenants, agreements, provisions, conditions or provisos contained in this lease on the part of the Tenant to be performed or observed (other than the payment of rent or other sums of money) and such failure shall continue for, or shall not be remedied within the period of 60 days next after giving of written notice by the Landlord to the Tenant of the nature of such failure;
- (c) if, in the opinion of the Landlord, the Tenant fails to make reasonable and diligent use of the Leased Premises for the purpose permitted herein, and such failure shall continue for a period of 60 days next after the Landlord gives written notice of the failure to the Tenant;
- (d) if the term hereby granted shall be taken in execution or attachment by any person or the Tenant commits an act of bankruptcy, becomes insolvent or is petitioned into bankruptcy or voluntarily enters into an arrangement with his creditors;

- (e) if the Landlord discovers that the Tenant either in his application for this lease or otherwise has, in the opinion of the Landlord, misrepresented or withheld any fact material to the application;

it shall then be lawful for the Landlord to enter upon the Leased Premises or any part thereof in the name of the whole, and this Lease shall at the option of the Landlord, and with or without entry, terminate, and all the rights of the Tenant with respect to the leased premises shall be absolutely forfeited and shall lapse. If the condition complained of (other than the payment of rent or other sums of money) reasonably requires more time to cure than 60 days, the Tenant shall be deemed to have complied with the remedying thereof if the Tenant shall have commenced remedying or curing the condition within the 60 day period and diligently thereafter completes the same.

ARTICLE XXI

Expiry

21.01 Removal of Chattels

The Tenant shall within sixty (60) days of the expiration or sooner determination of this lease in any other manner, except re-entry by the Landlord, at the Tenant's expense and to the reasonable satisfaction of the Landlord, forthwith remove from the said Leased Premises all equipment, articles, materials, effects and things at any time brought or placed thereon by the Tenant and that is not fixed to the Leased Premises and is a removable chattel and the Tenant shall also to the satisfaction of the Landlord repair all and every damage and injury occasioned to the said Leased Premises by reason of such removal, or in the performance thereof, but the Tenant shall not, by reason of any action taken or things performed or required under this clause, be entitled to any compensation whatever, provided always that the Landlord shall have the exclusive right to waive the aforementioned proviso in which event ownership of all such equipment, articles, materials, effects and things and appurtenances thereto which have not been removed, shall revert to the Landlord upon expiry of the sixty (60) day removal period.

21.02 Improvements

After the sixty (60) day removal period on the expiration or sooner determination of this lease, all buildings and erections put, erected or placed on the said Leased Premises by the Tenant during the term by these presents created or any renewal thereof, shall be and become the property of the Landlord, at the Landlord's discretion.

ARTICLE XXII

Miscellaneous

22.01 Statutory Right-of-Way

The Landlord hereby reserves the right to grant other dispositions of the Leased Premises by way of statutory right-of-way for any purpose necessary for the operation and maintenance of the Landlord's undertaking and the Tenant agrees that a grant made under this paragraph shall not constitute a breach of

the Landlord's covenant for quiet enjoyment, and the Tenant hereby consents to any such grant and will forthwith execute and deliver to the Landlord such instrument as may be necessary to subordinate the Tenant's right and interest in the Leased Premises under this lease to any such grant.

22.02 Successors

All rights and liabilities herein given to, or imposed upon the respective parties hereto shall extend to and bind the several respective heirs, executors, administrators, successors and assigns of the said parties; and if there be more than one tenant, they shall all be bound jointly and severally by the terms, covenants, and agreements herein.

22.03 Entire Agreement

This lease and the Schedules attached hereto and forming a part hereof set forth all of the covenants, conditions, agreements, and understandings between the Landlord and Tenant. Except as herein otherwise provided, no subsequent alteration, amendment, change or addition to this lease shall be binding upon the Landlord or Tenant unless reduced to writing and signed by them.

22.04 Force Majeure

Save as otherwise herein provided, in the event that either party hereto shall be delayed or hindered in or by reason of strikes, lockouts, labour troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the party delaying in performing work or doing acts required under the terms of this lease, and not a delay caused by lack of funds or other financial reason, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

22.05 Notices

Any notice, demand, request or other instrument which may be or is required to be given under this lease, shall be delivered in person or sent by registered mail postage prepaid or by courier or by facsimile and shall be addressed:

(a) If to Landlord

City of Surrey
14245 - 56th Avenue
Surrey, British Columbia
V3X 3A2
Facsimile No.: (604) 599-8249

(b) If to Tenant

Park Place Tennis Centre Ltd.
1678 - 156th Street
Surrey, British Columbia
V4A 4T1

or at such other address as the Landlord or Tenant may designate by written notice. Any such notice, demand, request or consent shall be conclusively deemed to have been given or made on the day upon which such notice, demand, request or consent is delivered, or if mailed, then on the third business date following the date of the mailing as the case may be, and either party may at any time give notice in writing or facsimile delivery to the other of any change of address of the party giving such notice and from and after the giving of such notice, address therein specified shall be deemed to be the address of such party for the giving of notices hereunder, provided that in the case of interruption in the ordinary postal service, any notice, demand, request or consent given hereunder shall be delivered and not mailed.

22.06 Section and Article Numbers

The section and article numbers appearing in this lease are inserted only as a matter of convenience and in no way limit the scope or intent of such paragraphs and articles of this lease.

22.07 Governing Law

This lease shall be construed and governed by the laws of the Province of BRITISH COLUMBIA.

22.08 Time

Time shall be strictly of the essence herein.

22.09 No Waiver

No condoning, excusing or overlooking by the Landlord or Tenant of any default, breach or nonobservance by the Tenant or Landlord at any time or times in respect of any covenant, proviso or condition herein contained shall operate as a condoning, excusing or overlooking of any continuing or subsequent default, breach or nonobservance, or so as to defeat or affect in any way the rights of the Landlord or Tenant herein in respect of any such continuing or subsequent default or breach, and no waiver shall be inferred from or implied by anything done or omitted by the Landlord or Tenant save only expressed waivers in writing. All rights and remedies of the Landlord in this Lease contained shall be cumulative and not alternative.

22.10 Registration

It is hereby mutually agreed that the Landlord shall be obliged to provide this lease to the Tenant in form suitable for registration under the Land Title Act.

22.11 Interpretation

In this lease, unless the context otherwise requires,

- (a) the "Tenant" includes all employees, officers, directors, agents, successors and assigns of the Tenant; and,

- (b) the "Landlord" includes all employees, officers, directors, agents, successors and assigns of the Landlord; and,
- (c) the singular includes the plural and masculine includes the feminine and neuter gender or the body politic or corporate.

ARTICLE XXIII

Operating Agreement

23.01

As part of the terms and conditions of this lease Park Place Tennis Centre will enter into an Operating Agreement with the Parks and Recreation Commission of the City of Surrey. It is agreed that the General Manager, Parks and Recreation, through the Parks and Recreation Commission will be responsible for the administration of this Operating Agreement (attached as Schedule "A" pages a, b and c).

PROPRM158

SCHEDULE 'A'

OPERATING AGREEMENT

BETWEEN

PARK PLACE TENNIS CENTRE LTD. AND THE PARKS AND RECREATION
COMMISSION OF THE CITY OF SURREY

- Park Place Tennis Centre Ltd. will abide by all City By-laws including the Parks By-law No. 3113.
- It is agreed that this Operating Agreement will be reviewed by the Parks and Recreation Commission and Park Place Tennis Centre Ltd. and revised annually, if necessary.
- It is agreed that the General Manager, Parks and Recreation, through the Parks and Recreation Commission is responsible for the administration of this agreement.
- Park Place Tennis Centre Ltd. shall, within fourteen (14) days of receiving written notice from the Parks and Recreation Commission, submit a copy of its then current rates and fees charged and its current schedule of use of the complex.
- Park Place Tennis Centre Ltd. shall, within ninety (90) days of its financial year end, submit to the City of Surrey, its annual audited financial statement.
- Park Place Tennis Centre Ltd. shall ensure that the air structure and building maintenance standards are equivalent to or better than existing City maintenance.
- No liquor distribution or consumption will be allowed within the facility, except as noted in Article 7.02 of the Lease Agreement.
- The tennis centre is intended to be a recreational facility. As such, Park Place Tennis Centre Ltd., will provide and make available such coaching, junior and other tennis programs, as are consistent with recreational level of play. The Certified Professional staff at Park Place Tennis Centre Ltd. will have the exclusive right to conduct these programs at the facility, on behalf of Surrey Parks and Recreation.
- The parties will consult on the design and implementation of tennis programs as may be appropriate for the community utilizing all available tennis courts in the community.
- A Management Committee made up of Park Place Tennis Centre Ltd. and Surrey Parks and Recreation staff will be responsible for developing policies and short and long-term objectives for programming.
- Park Place Tennis Centre Ltd. will be responsible for the management of bookings for the existing courts.

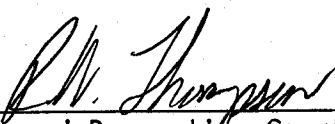
- 2 -

- Surrey Parks and Recreation will make available the Class I registration system, providing there are no costs to the City.

TENANTS COVENANTS PRIOR TO COMMENCEMENT OF PROJECT DEVELOPMENT

Park Place Tennis Centre agrees to the following terms and conditions before commencement of project development:

1. To deposit with the City of Surrey (the "security") by way of an irrevocable Letter of Credit approved by the City, as outlined in Article XV of the Lease Agreement.
2. Pay for the total cost of
 - (a) The demolition of any existing structures located on said site
 - (b) Removal of any fences situated on the said site
3. Pay for the total cost of the "Site Plan" of the said site (attached to the lease as Schedule "D".)



Parks and Recreation Commission



Park Place Tennis
Authorized Signatory



General Manager
Parks and Recreation



Park Place Tennis
Authorized Signatory

OPERATING AGREEMENT

RULES AND REGULATIONS

1. REFUSE

- (a) All trash, rubbish, waste material and other garbage shall be kept within the Leased Premises until the day of removal, such removal to be at the expense of the Tenant on a regular basis as determined by the Landlord.
- (b) the Tenant shall not burn any garbage in or about the Leased Premises.
- (c) If the Tenant's garbage is of a deteriorating nature, creative offensive odours, the Tenant shall utilize and maintain at its cost and expense the refrigerated facilities as required by the Landlord.
- (d) In the event the Landlord considers necessary, or otherwise consents in writing to, the placing of the Tenant's garbage outside the Leased Premises, such garbage shall be placed by the Tenant in containers provided by the Landlord but provided at the Tenant's expense and kept at a location designated by the Landlord.

2. NO SOLICITATION

The Tenant, or it's employees and agents, shall not solicit business in the Parking Areas or other Common Areas and shall not distribute any handbills or other advertising matter therein.

3. PESTS

Should the Leased Premises become infested with rodents, vermin or the like, the Tenant shall forthwith remedy the same and shall use, at its cost, such pest extermination contractor as the Landlord may direct and at such intervals as the Landlord may require as being necessary by reason of the conditions in the Leased Premises.

4. EMERGENCY CONTACTS

The Tenant shall provide the Landlord with the names, addresses and telephone numbers of two (2) authorized employees of the Tenant who may be contacted by the Landlord in the event of an emergency relative to the Leased Premises.

5. PERMITS, LICENSES

The Tenant alone shall be responsible for obtaining, from the appropriate governmental authority or other regulatory body having jurisdiction, whatever permits, licenses or approvals as may be necessary for the operation of its business, however the Landlord will provide goodwill with the Tenant in the endeavours in obtaining the appropriate permits and licenses or approvals as may be necessary for the operation of the business. Such permits and licenses apply to governmental authorities or other regulatory bodies.

SCHEDULE "B"
PARK PLACE TENNIS CENTRE LTD.
Estimated Cash Flow - Pro-Forma
(5 Year Period)

Revenue	Year 1 Apr 1993-94	Year 2 1994-95	Year 3 1995-96	Year 4 1997-98	Year 5 1998-99
Membership:					
Annual Enrollment Fee	\$38,000	\$45,600	\$49,600	\$69,700	\$72,500
Annual Dues	128,000	138,500	152,700	168,000	172,600
Public Court Charges	35,000	42,000	49,500	62,000	64,400
Pro Shop Sales	58,000	62,000	72,400	78,000	82,000
Food/Beverages	44,000	49,500	56,000	62,400	65,500
Equipment Sales	7,500	8,000	8,400	8,800	8,900
Guest Fees	4,000	4,270	4,400	4,400	4,800
Misc.	4,800	5,200	5,800	0	0
	\$319,300	\$355,070	\$398,800	\$453,300	\$470,700
Expenses					
Salaries/Benefits	\$48,000	\$52,000	\$56,000	\$59,400	\$62,300
Utilities/Hydro/Gas	12,000	14,000	15,000	16,300	16,900
Marketing/Promotion	12,000	14,500	12,000	9,500	9,500
Telephone	4,500	4,800	5,200	5,500	5,800
Office Supplies	3,000	3,600	4,000	4,600	4,800
Insurance	1,200	1,200	1,200	1,400	1,400
Janitorial Supplies	4,800	5,200	5,800	6,200	6,600
Legal	2,000	0	0	0	0
Maintenance	5,600	5,800	6,400	6,900	7,200
Accounting	2,000	2,000	2,000	1,600	1,750
Bank Charges	960	1,100	1,400	1,250	1,350
Signage	1,500	2,000	2,000	1,400	1,200
Licenses	400	500	500	450	450
Pro Shop Supplies	32,500	40,800	46,500	49,000	52,000
Subscriptions	300	300	300	350	400
Miscellaneous	20,000	24,000	28,000	32,000	34,000
Dome Lease charges	48,000	48,000	48,000	48,000	48,000
TOTAL EXPENSES	\$198,760	\$219,800	\$234,300	\$243,850	\$253,650
NET OPERATING INCOME	\$120,540	\$135,270	\$164,500	\$209,450	\$217,050
Landlords Percentage Rent 3.5% of Gross Annual Revenues			6,979	15,866	16,475
Landlords Annual Base Rent			6,000	12,000	12,000
Landlords Total Anticipated Revenue			\$12,979	\$27,866	\$28,475

*note: Landlords Base Rent and Percentage Rent starts at commencement of 30th month of the lease. This is when Tenants Capital Expenditure is paid off.

SCHEDULE "B"

1 CAPITAL REQUIREMENTS: Estimated "Pre-Operating" Expenses

Salaries and benefits	\$6,500	
Marketing/Promo	7,500	
Licenses	500	
Legal	2,000	
Miscellaneous	10,000	\$26,500

2 DEVELOPMENT COSTS:

Site Preparation including Dome Grade Beam	\$35,000	
Re-Surface - 4 existing Outdoor Tennis Courts	12,000	
Construct 6 "new" Tennis Courts	85,000 (payable over 1 year)	
Landscaping	10,000	
Contingency	30,000	\$172,000

3 FACILITY COSTS:

Clubhouse		95,000
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TOTAL INITIAL CAPITAL EXPENDITURE **\$293,500**

SCHEDULE "C" ("The Leased Premises")

Metes and Bounds Description

All that part of "Lot A", Section 7, Township 8, New Westminster District Plan NWP88205 described as:

Commencing at a point on the westerly boundary of "Lot A" which lies 104.0 metres northerly of the southwest corner of said "Lot A",

Thence in a northerly direction along the westerly boundary of said "Lot A" a distance of 45 metres to a point on the westerly boundary of said "Lot A".

Thence on a bearing of $90^{\circ} 26'54''$ a distance of 125 metres to a point.

Thence on a bearing of $180^{\circ} 10'45''$ a distance of 45 metres to a point.

Thence on a bearing of $270^{\circ} 26'54''$ more or less a distance of 125 metres more or less to the point of commencement.

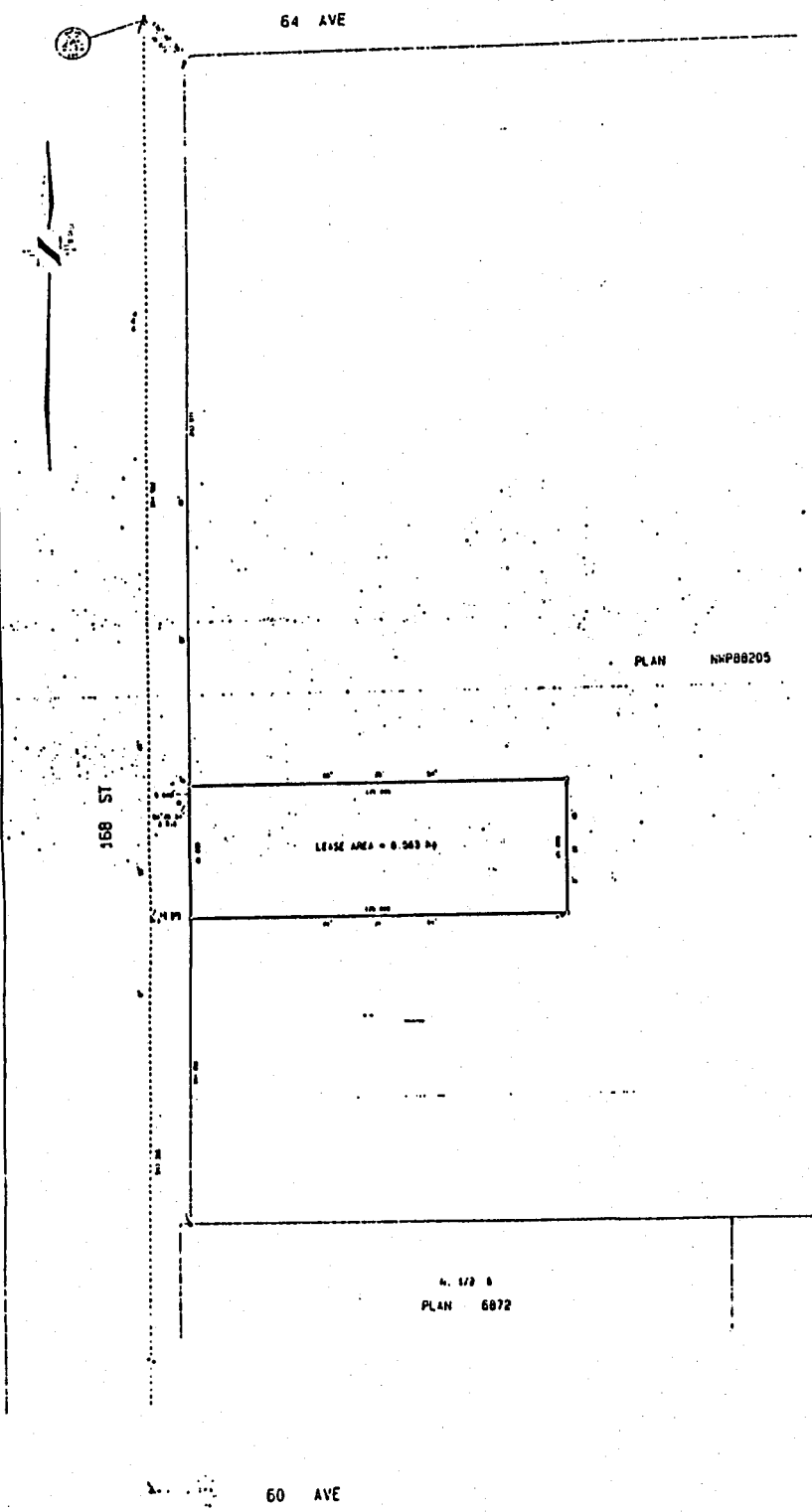
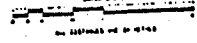
The above described part of said "Lot A" contains 0.5625 hectares, more or less.

REFERENCE PLAN TO ACCOMPANY LEASE OF A PORTION OF LOT A SECTION 7
TOWNSHIP 8 NEW WESTMINSTER DISTRICT PLAN NNP88205 FOR LEASEHOLD PURPOSES;
LEASE AND APPROVAL OF THE APPROVING OFFICER TO EXPIRE MARCH 31, 1999.
B.C.G.S. 926.017
PURSUANT TO SECTION 92(1)(2), LAND TITLE ACT

PLAN LMP

APPROVED UNDER THE LAND TITLE ACT
THIS..... DAY OF..... 1999

LEGEND
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DO NOT SCALE THIS PLAN
FOR ANY PURPOSES
EXCEPT AS SPECIFIED
HEREIN