

CITY OF SURREY

BY-LAW NO. 13535

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:

LARK RECREATIONAL PROPERTIES LTD.;

AND WHEREAS the Council may by by-law lease any property owned by the City pursuant to
Section 316 of the Municipal Act R.S.B.C. 1996, Chapter 323, as amended;

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:

LARK RECREATIONAL PROPERTIES LTD., a company duly
incorporated under the laws of the Province of British Columbia,
having an office at Building A, Unit 101, 17802 - 66 Avenue, in
the City of Surrey, Province of British Columbia, V2Y 1K8

for a term of Twenty (20) Years commencing on the date on which the building permit
for the Premises is issued by the City and ending on the day which is Twenty (20) Years
later; and yielding and paying therefor during the term hereof the clear annual minimum
rent payable on the following days and times, that is to say for each of the 1st through 5th
Lease Years an amount equal to \$25,800 per annum payable in advance in equal monthly
installments of \$2,150 on the first day of each and every month of each Lease Year; for
each of the 6th through 10th Lease Years, an amount equal to \$28,380 per annum,
payable in advance in equal monthly installments of \$2,365 on the first day of each and
every month of the Lease Year; for each of the 11th through 15th Lease Years, an amount

equal to \$31,218 per annum, payable in advance in equal monthly installments of \$2,601.50 on the first day of each and every month of each Lease Year; for each of the 16th through 20th Lease Years, an amount equal to \$34,340 per annum, payable in advance in equal monthly installments of \$2,861.67 on the first day of each and every month of each Lease Year; with a provision for a renewal for Three (3) successive periods of time 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:

Parcel Identifier: 024-208-680
Lot 1, Section 3, Township 2, New Westminster District,
Plan LMP38834

(15000 - 54A Avenue)

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 "Lark Recreational Properties Ltd. (Ice Centre) Land Leasing By-law, 1998, No. 13535."

PASSED THREE READINGS on the 8th day of September, A.D., 1998.

RECONSIDERED AND FINALLY ADOPTED, signed by the Mayor and Clerk, and sealed with the Corporate Seal on the 15th day of September, A.D., 1998.

_____ MAYOR

_____ CLERK

LAND TITLE ACT
FORM C
(Section 233)

Province of
British Columbia

GENERAL INSTRUMENT - PART 1 (This area for Land Title Office Use) Page 1 of 51 pages

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

David James Brine
McQuarrie Hunter
Barristers and Solicitors
200 - 13889 - 104th Ave.
Surrey, B.C. V3T 1W8
Telephone: (604) 581-0461

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

(PID)	(LEGAL DESCRIPTION)
024-208-680	Lot 1, Section 3, Township 2, New Westminster District, Plan LMP 38834

3. NATURE OF INTEREST: DESCRIPTION	DOCUMENT REFERENCE: (page and paragraph)	PERSON ENTITLED TO INTEREST:
Lease	Entire Document	TRANSFEREE

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

- | | | |
|---------------------------------|-------------------------------------|---------------------------------------|
| (a) Filed Standard Charge Terms | <input type="checkbox"/> | D.F. No. |
| (b) Express Charge Terms | <input checked="" type="checkbox"/> | Annexed as Part 2 |
| (c) Release | <input type="checkbox"/> | There is no Part 2 of this instrument |

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

5. TRANSFEROR(S):

CITY OF SURREY

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


LARK RECREATIONAL PROPERTIES LTD. Bldg. A, Unit 101, 17802 - 66th Avenue,
Surrey, B.C., V2Y 1K8

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 PARTIES SIGNATURES

MARGARET JONES
Deputy City Clerk
14245 - 56 Avenue
Surrey, B.C. V3X 3A2 591-4213
A Commissioner for taking Affidavits
for British Columbia


As to the signature of the City Clerk

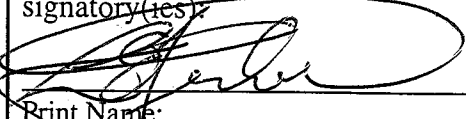
Y	M	D
98	9	16
98	09	01

CITY OF SURREY
by its authorized signatories


Mayor - Doug McCallum


City Clerk - Donna Kenny

LARK RECREATIONAL PROPERTIES LTD. by its authorized signatory(ies):


Print Name:

L.E. Fisher
Print Name:

OFFICER CERTIFICATION:

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

* if space insufficient, enter "SEE SCHEDULE" and attach schedule in Form E.

** if space insufficient, continue executions on additional page(s) in Form D.

TERMS OF INSTRUMENT - PART 2

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THIS LEASE dated for reference the 16th day of September, 1998.

BETWEEN:

CITY OF SURREY, a Municipal Corporation
having its office at 14245 - 56 Avenue, Surrey, British
Columbia V3X 3A2

(the "Landlord")

OF THE FIRST PART

AND:

LARK RECREATIONAL PROPERTIES LTD., a
company duly incorporated under the laws of the
Province of British Columbia, having an office at Bldg.
A, Unit 101, 17802- 66 Avenue, Surrey, British
Columbia V2Y 1K8

(the "Tenant")

OF THE SECOND PART

WITNESSES THAT WHEREAS:

- A. The Landlord is the registered owner of the Premises as hereinafter defined;
- B. Ice Centre By-law, 1998, No. 13535 authorizes the Landlord to enter into this Lease.

NOW THEREFORE in consideration of the Rent, grants, covenants and agreements hereinafter reserved and contained, the parties hereto grant, covenant and agree as follows:

DEFINITIONS AND SCHEDULES

1. (a) Definitions.

In this Lease, including the recitals hereof and the Schedules attached hereto, the following words and expressions have the following meanings:

- a. "Additional Rent" means any and all amounts other than the Minimum Rent required to be paid by the Tenant under this Lease, whether or not same are designated "Additional

Rent" or whether or not same are payable to the Landlord, except only any taxes referred to in Section 6 (b).

- b. "Architect" means a qualified architect duly accredited to practice in the Province of British Columbia and not on the staff of or employed full time by the Tenant.
- c. "Business Day" means any day which is not a Saturday, Sunday or statutory holiday in the Province of British Columbia.
- d. "City" means the City of Surrey, British Columbia, in its capacity as the municipality having jurisdiction over the Premises and any successor in function to the City of Surrey.
- e. "Construction Schedule" has the meaning as defined in Section 10(a) of this Lease.
- f. "Equipment" means all of the Tenant's right, title and interest in and to all chattels and equipment used in connection with the maintenance or operation of the Ice Centre including, without limiting the generality of the foregoing, ice-grooming machinery, motor vehicles, trade fixtures, electronic scoreboards, clocks, and the computer systems and computer software used in the financial operation of the Ice Centre.
- g. "Ice Centre" means the ice rinks, changing rooms, a snackbar (which shall not sell any alcoholic beverages), restaurant and lounge (which may sell alcoholic beverages but only for consumption within the restaurant and lounge areas), areas for retail sales of related sporting goods, and related administrative and operational facilities, all to be constructed by the Tenant pursuant to the Plans and Specifications, provided further that the premises may be used for the uses of roller hockey, inline skating, ringette, floor hockey, lacrosse, broomball, handball, basketball, indoor baseball clinics, dryland training, martial arts and gymnastics only from the period May 15 to September 1 during each calendar year of the Term and Renewal Terms and no other uses whatsoever, and provided further that temporary special recreational/cultural special events in support of Easter, Halloween, Christmas and special summer events be permitted uses provided that such events do not exceed 45 days in each calendar year of the Term or Renewal Term and do not detract or interfere with the primary ice centre use required to be diligently carried on at the premises
- h. "Ice Rink" means each one of the two (2) ice rink surfaces forming part of the Ice Centre whether such ice rink surface is covered with ice or any other material or is bare.
- i. "Improvements" means any buildings, parking areas, driveways, access routes, erections, alterations, structures, all electrical, plumbing, heating, ventilating and air conditioning systems and computer systems used in the operation of any such systems, chillers, compressors and ice-making equipment and other fixtures (excluding trade fixtures belonging to the Tenant or to any Subtenants which can be removed from the Ice Centre without material damage thereto and excluding Equipment), facilities, landscaping, and all other appurtenances at any time in, upon or serving the Premises, including the Ice Centre.

- j. "Initial Term" means the period of time commencing on the Lease Commencement Date and ending on the day which is twenty (20) years later.
- k. "Landlord" means the City of Surrey and its successors and assigns as landlord under this Lease. In Sections that contain a release or other exculpatory provision in favour of the Landlord, "Landlord" includes the councillors, officers, employees and agents of the Landlord.
- l. "Laws" shall mean all applicable federal, provincial, regional and municipal laws, statutes, regulations, orders, directives or by-laws, including without limitation, all applicable laws, statutes, regulations, orders, directives and by-laws relating to the environment, land use, occupational safety or health.
- m. "Lease" means this Lease Agreement executed by the Landlord and the Tenant, as amended from time to time.
- n. "Lease Commencement Date" means the date on which the building permit for the Premises is issued by the City.
- o. "Lease Year" means a period of one (1) year commencing on the 1st day of October in each year during the Term, provided that the first Lease Year shall commence on the Rent Commencement Date and end on the 30th day of September next ensuing; the period from the Lease Commencement Date to the Rent Commencement Date is not a Lease Year.
- p. "Leasehold Mortgage" means a bona fide mortgage, indenture, deed of trust or similar security in respect of the Tenant's interest in the Premises and this Lease which has been executed by the Tenant and entered into in accordance with Section 7 and which has not been discharged.
- q. "Leasehold Mortgagee" means the holder of any Leasehold Mortgage.
- r. "Maximum Shutdown Period" in any Lease Year means, for any single Ice Rink, a period of twenty-one (21) days, whether consecutive or not, on which such Ice Rink was not available for use in whole or in part, to a maximum of thirty (30) days in total for each rink.
- s. "Minimum Rent" has the meaning as defined in Section 3 of this Lease.
- t. "Penalty Rate" means the Prime Rate plus three (3%) percent.
- u. "Permitted Encumbrances" means any liens, charges, encumbrances, instruments or interests in the Lands or Improvements granted by or at the request of the Tenant or approved by the Tenant through or otherwise permitted pursuant to this Lease.

- v. "Person" means any individual, partnership, corporation, trust, unincorporated organization, corporation without share capital, municipality, government, or governmental agency or any combination thereof.
- w. "Plans and Specifications" means the plans and specifications for the Improvements as required for municipal building permit approval and as approved by the Landlord in writing and, once delivered pursuant to Section 10(c), includes the "as built" plans and specifications.
- x. "Premises" means that portion of the lands owned by the Landlord currently legally described as follows:
 - Parcel Identifier 024-208-680
 - Lot 1
 - Section 3
 - Township 2
 - New Westminster District
 - Plan LMP 38834
- y. "Prime Rate" means the annual rate of interest established from time to time by the Canadian Imperial Bank of Commerce (or its successor) and declared by the main branch of such bank at Vancouver B.C. from time to time as being that bank's reference rate of interest for commercial Canadian dollar loans made by it in Canada and commonly referred to by it as its Canadian "prime rate". If the Canadian Imperial Bank of Commerce (or its successor) no longer exists or no longer declares such a "prime rate", then the Prime Rate shall be as the parties may in writing agree, both acting reasonably, or failing agreement as determined by arbitration in accordance with this Lease.
- z. "Renewal Term" means each of the three (3) successive periods of time of five (5) years the first of which commences upon the expiry of the Initial Term and the second of which commences upon the expiry of the first renewal term in accordance with Section 2(b).
- aa. "Rent" means the Minimum Rent and Additional Rent.
- bb. "Rent Commencement Date" means the later of September 1, 1998, or the opening of any part of the Ice Centre for regular business.
- cc. "Replacement Cost" means for insurance purposes the entire cost of repairing or replacing any items of insurable property or Improvements with materials of like kind and quality without deduction for depreciation.
- dd. "Site Plan" means any site plan to be prepared by the Tenant showing the Premises and the location of the Improvements thereon and to be approved by the Landlord in writing.
- ee. "Sublease" means any sublease of or licence to use a part of the Improvements or the Premises between the Tenant and any Subtenant.

- ff. "Subtenant" means National Training Rinks Corporation or a wholly owned subsidiary corporation of National Training Rinks Corporation and may include KEF Projects Ltd. and any Person (approved by the Landlord in accordance with Section 7 (a)) entering into a Sublease of or licence to use any part of the Premises and such Subtenant's successors and assigns.
- gg. "Taxes" means all taxes, rates, duties, levies, assessments, including school taxes, local improvement rates and other charges which now are or shall or may be levied, imposed, assessed or charged against the Premises or any part thereof or the Improvements or any structures, machinery, equipment, facilities and other property of any nature whatsoever thereon or therein, whether municipal, regional, provincial or federal, whether or not in existence at the Lease Commencement Date, and including all costs and expenses (including legal and other professional fees and costs and interest on deferred payments) incurred in contesting in good faith any of the foregoing but not including income or capital taxes, if any, levied in respect of the Landlord's income or capital.

1. (b) Schedules.

The following schedule is attached to this Lease and form a part hereof:

Schedule A - Construction Schedule

DEMISE, TERM, USE AND SURRENDER

2. (a) Demise.

In consideration of and subject to the Rent, covenants, conditions and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord hereby demises and leases the Premises to the Tenant and the Tenant hereby leases the Premises from the Landlord for the Initial Term commencing on the Lease Commencement Date.

2. (b) Renewal Term.

The Landlord covenants and agrees with the Tenant that if the Tenant is not in default of any provisions under this Lease and provided the Tenant continues in occupancy of the Premises at the expiration of the Initial Term, the Landlord will at the expiration of the Term upon the Tenant's written request delivered to the Landlord not later than six (6) months and not earlier than twelve (12) months prior to the expiration of the Initial Term, grant to the Tenant three (3) successive renewal terms of the Lease of the Premises for a term of five (5) years each upon all the terms, covenants, agreements and provisos contained in this Lease except:

1. the rent, which rent shall be the annual rental which could reasonably be obtained by the Landlord for the Premises at its highest and best use for the uses permitted

under this Lease. If the Landlord and the Tenant have not mutually agreed upon the amount of such rent ninety (90) days prior to the commencement of the Renewal Term, such rent shall be decided by binding arbitration pursuant to Article 15 provided that the annual rent payable during either of the three successive renewal terms shall not be less than the annual rent payable during the last year of the immediately preceding term; and

2. this right of renewal.

Until the rent has been determined as provided herein, the Tenant shall pay the monthly rental determined by the Landlord under Section 2(b) and upon such determination the Landlord and the Tenant shall make the appropriate re-adjustments.

At the expiration of the third renewal term there shall be no further right of renewal.

2. (c) Use and Name.

1. The Tenant shall use the Premises and the Improvements for the purpose of operating the Ice Centre as a commercial enterprise for the purposes and uses described in the definition of "Ice Centre" and for purposes incidental thereto, and shall not use nor allow or permit the Premises, the Improvements or any part thereof to be used for any other purpose or use, without the prior written approval of the Landlord.
2. The Ice Centre shall be available generally to all citizens of the City and other members of the public without exclusion or preference, albeit on a commercial basis.
3. Without limiting the generality of the foregoing, the Tenant shall and shall cause its Subtenants to conduct their operations in accordance with the provisions of this Lease and all Laws and in a reputable and professional manner.
4. The Tenant will have the right to name the Premises and the Improvements and to change such name from time to time provided that:
 - a. the name may include a corporate name as part of the name, but will not include the name or trade name, trade mark or brand name of any business which manufactures or sells alcoholic beverages or tobacco or sexual material;
 - b. the name will reflect that the Premises and the Improvements are to be used as an Ice Centre; and
 - c. the Tenant will advise the Landlord in advance of its proposed name and any proposed change of name and will give consideration to any reasonable concerns of the Landlord that the proposed name is inappropriate for a facility constructed on City-owned land.

2. (d) Surrender by the Tenant at Expiry of Term.

1. If at least six (6) months prior to expiry of the Term the Landlord has given written notice to the Tenant to demolish the Improvements, the Tenant will, no later than four (4) months prior to the expiry of the Term, provide such evidence as the Landlord reasonably requires that the Tenant has made suitable arrangements to carry out and pay for the demolition of the Improvements as hereinafter provided.
2. At the expiry of the Term or the earlier termination of this Lease, the Tenant shall:
 - a. deliver to the Landlord copies of all available surveys and construction, engineering and design drawings, maintenance logs, operating manuals, reports and records in the possession or control of the Tenant which pertain to the Improvements, the Premises or the operation of the Ice Centre.
3. At the expiry of the Term, the Tenant shall surrender the Premises without any payment to the Tenant either, at the Landlord's option:
 - a. with the Improvements left thereon in the state of repair required to be maintained under this Lease; or
 - b. with the Improvements demolished and removed and the Premises returned to a graded and clean vacant state and, within one hundred eighty (180) days after the expiry of the Term.
4. The Tenant covenants that it will upon such expiry or earlier termination leave the Premises and, if not demolished, the Improvements in a clean and tidy condition.
5. Notwithstanding the termination of this Lease, whether at the expiry of the Term or earlier, the Tenant shall remain liable to the Landlord for any default by the Tenant during the Term.

2. (e) Assignment of Rents.

To ensure the orderly continuance of operation of the Ice Centre by the Landlord or its assignees, subject to the provisions of Section 7 in favour of any Leasehold Mortgagee, the Tenant shall at the option of the Landlord perform for no consideration (except as contemplated by Section 2(e)4 the following at the expiry of the Term or the earlier termination of this Lease:

1. assign to the Landlord or as the Landlord may direct, to the extent assignable, all of the Tenant's interest in the Premises and the Improvements together with the benefit of all Subleases, license agreements, guarantees, warranties and other agreements and rights benefiting the Premises or the Improvements or the

Tenant's or any Subtenant's interest in the Premises or the Improvements or pertaining to the operation of the Ice Centre;

2. deliver to the Landlord or as the Landlord may direct executed copies of all such available agreements;
3. deliver to the Landlord or as the Landlord may direct copies of all available books and records with respect to the Premises and the Improvements for the two (2) year period preceding the expiry of the Term or termination of this Lease; and
4. assign, sell and transfer to the Landlord or as the Landlord may direct all of the Tenant's right, title and interest in such items of the Equipment as the Landlord may wish to acquire, including the Tenant's interest in any lease of any item of Equipment, at a price for each item equal to the fair market value of such item, as agreed between the parties or, failing agreement, as determined by arbitration as provided in this Lease. The Landlord may set off any amounts owing by the Tenant to it against any amount due to the Tenant under this Section 2(c) 4.

2. (f) Overholding.

If the Tenant shall overhold and continue to occupy the Premises after the expiry of the Term hereby granted and the Landlord shall accept Rent at the rate hereby reserved, the new tenancy thereby created shall be a tenancy from month to month, at a minimum rent equal to one hundred and ten (10%) of the Minimum Rent payable in respect of the last Lease Year of the Term, but payable by equal monthly instalments in advance on the first day of each month, and shall be subject to the same covenants and conditions as are herein contained. Such new tenancy may be terminated at any time by either the Landlord or the Tenant by notice to the other party with the termination date to be set out in the notice and to be at least sixty (60) days after delivery of the notice.

RENT

3. (a) Rent.

The Tenant covenants with the Landlord to pay, without any deduction, set-off or abatement whatsoever and without any prior demand therefor the aggregate of following as Rent:

1. a minimum rent (the "Minimum Rent") to commence on the Rent Commencement Date and continue throughout the balance of the Term, such Minimum Rent to be determined and paid as hereinafter provided;
2. Additional Rent to commence on the Lease Commencement Date and continue throughout the Term, for non-payment of which the Landlord shall have all rights and remedies against the Tenant as the Landlord has for non-payment of Minimum Rent.

3. (b) Minimum Rent.

The Tenant shall pay to the Landlord in each Lease Year throughout the Term Minimum Rent as follows:

1. for each of the 1st through 5th Lease Years an amount equal to \$25,800 per annum payable in advance in equal monthly installments of \$2,150 on the first day of each and every month of each Lease Year;
2. for each of the 6th through 10th Lease Years, an amount equal to \$28,380 per annum, payable in advance in equal monthly installments of \$2,365 on the first day of each and every month of the Lease Year; and
3. for each of the 11th through 15th Lease Years an amount equal to \$31,218 per annum payable in advance in equal monthly installments of \$2,601.50 on the first day of each and every month of each Lease Year;
4. for each of the 16th through 20th Lease Years an amount equal to \$34,340 per annum payable in advance in equal monthly installments of \$2,861.67 on the first day of each and every month of each Lease Year;

3. (c) Commencement of Rent.

The Tenant's obligation for payment of Additional Rent shall commence on the Lease Commencement Date and the Tenant's obligation for payment of Minimum Rent shall commence on the Rent Commencement Date.

3. (d) Payments of Rent.

Rent will accrue from day to day and any calculation of Rent for a period of less than one year shall be pro-rated on a per diem basis. All payments of Rent shall be paid to the City of Surrey, c/o Facilities & Realty Services Division, 7452 - 132 Street, Surrey, B.C. V3M 4M7 or at such other place as the Landlord designates, in lawful money of Canada without any prior demand therefore.

3. (e) Rent Past Due.

If the Tenant fails to pay any Rent, or other amount when it is due and payable by the Tenant under this Lease, such unpaid amounts shall bear interest at the Penalty Rate from the due date to the date of payment.

3. (f) Taxes on Rent.

The Tenant shall pay any goods and services taxes, sales taxes or other taxes now or hereafter assessed, levied or imposed, whether on the Landlord or the Tenant, in respect of the Rent or the leasing of the Premises by the Landlord to the Tenant, but not including the income or capital taxes, if any, levied in respect of the Landlord's income or capital.

3 (g) Net Lease.

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 this Lease for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Premises, the Improvements, or the contents thereof, excepting only income and capital taxes, if any, levied in respect of the Landlord's income and capital and the Tenant, except as shall be otherwise provided in the specific provisions contained in this Lease, shall pay all charges, impositions and costs of every nature and kind relating to the Premises and the Improvements and the Tenant covenants with the Landlord accordingly.

ENVIRONMENTAL CONCERNS

4. (a) Definitions.

For the purposes of this Section a:

1. "Contaminants" means any pollutants, contaminants, deleterious substances, underground or aboveground tanks, asbestos materials, hazardous, corrosive or toxic substances, special waste or waste of any kind or any other substance which is now or hereafter prohibited, controlled or regulated under Environmental Laws;
2. "Environmental Laws" means any statutes, laws, regulations, orders, bylaws, standards, guidelines, permits and other lawful requirements of any governmental authority having jurisdiction over the Premises now or hereafter in force relating in any way to the environment, health, occupational health and safety or transportation of dangerous goods, including the principles of common law and equity;
3. "Existing Contaminants" means the Contaminants, if any, existing in or on the Lands as of the Commencement Date; and
4. "Premises" includes Improvements.

4. (b) Tenant's Covenants and Indemnity.

The Tenant covenants and agrees as follows:

1. not to install, store, use and dispose of any Contaminants except any Contaminants that are necessary for the normal operation of the Ice Centre, and to install, store, use and dispose of all such Contaminants strictly in accordance with applicable Environmental Laws;

2. to strictly comply, and cause any person for whom it is in law responsible to comply, with all Environmental Laws regarding the use and occupancy of the Premises;
3. to promptly provide to the Landlord a copy of any environmental site assessment, audit or report and any environmental testing results relating to the Premises conducted by or for the Tenant at any time;
4. not more than eighteen (18) months and not less than six (6) months prior to the expiry of the Term, or within ninety (90) days after any earlier termination of this Lease unless a Leasehold Mortgagee or its Nominee takes a new lease pursuant to Article 7, to obtain from an independent environmental consultant approved by the Landlord and deliver to the Landlord an environmental site assessment of the Premises and an environmental audit of the operations of the Ice Centre, including any additional investigations as the environmental consultant may recommend;
5. to promptly notify the Landlord in writing of any release of a Contaminant or any other occurrence or condition at the Premises which could contaminate the Premises or subject the Landlord or the Tenant to any fines, penalties, orders, investigations or proceedings under Environmental Laws;
6. on the expiry or earlier termination of this Lease or at any time if required by any governmental authority pursuant to Environmental Laws, to remove from the Premises all Contaminants except Existing Contaminants, if any, and to remediate any contamination of the Premises resulting from Contaminants, in either case brought onto, used at or released from the Premises by the Tenant or any person for whom it is in law responsible. The Tenant shall perform these obligations promptly at its own cost and in accordance with Environmental Laws. All such Contaminants, except Existing Contaminants, if any, shall remain the property of the Tenant, notwithstanding any rule of law or other provision of this Lease to the contrary and notwithstanding the degree of their affixation to the Premises; and
7. to indemnify the Landlord and its councillors, directors, officers, employees, agents, successors and assigns, from any and all liabilities, actions, damages, claims, losses, costs, fines, penalties and expenses whatsoever (including all legal and consultants' fees and expenses and the cost of remediation of the Premises) arising from or in connection with:
 - a. any breach of or non-compliance with the provisions of this Article 4 by the Tenant; or
 - b. any release or alleged release of any Contaminants at or from the Premises related to or as a result of the use and occupation of the Premises or any act or omission of the Tenant or any person for whom it is in law responsible.

4. (c) Survival.

The obligations of the Tenant under Article 4 shall survive the expiry or earlier termination of this Lease.

4. (d) Environmental Site Assessment by the Landlord.

1. Within thirty (30) days after the date hereof, the Landlord, at the sole cost of the Tenant, will cause an independent environmental consultant approved by the Tenant to carry out a "Phase I Environmental Site Assessment" of the Premises in accordance with Canadian Standards Association Standard Z768-94 and deliver a copy to the Tenant. If such Assessment does not recommend further investigations be undertaken, the Landlord and the Tenant will accept such Assessment and no further action will be taken.
2. If such Assessment recommends that further investigations are warranted to determine whether there are Contaminants on the Premises at a level which would preclude development or use of the Premises as an Ice Centre, then the Landlord will cause such consultant to carry out such further investigations as the environmental consultant may recommend at the sole cost of the Tenant.
3. If the report of the environmental consultant on the further investigations indicates that there are Contaminants present on the Premises at a level which would preclude development or use of the Premises as an Ice Centre, then the Tenant may, at its option, undertake such removal or remediation or terminate this Lease by notice in writing to the Landlord.

4. (e) Inspection by Tenant.

The Landlord will give the Tenant a complete opportunity to examine the Premises in order to conduct a soils inspection within the first sixty (60) days after the date hereof and before taking possession hereunder. If the condition precedent set out in Section 4(d) is satisfied or waived by the Tenant, and if the Landlord completes any remedial work required pursuant to Section 4(d), then the Tenant will be deemed to have accepted the Premises with any and all defects, including latent defects therein, except Existing Contaminants, if any, and to have confirmed that the Premises were in good order and satisfactory condition. No promise of the Landlord to do any work in respect of the Premises and no representation respecting the condition of the Premises has been made by the Landlord other than as expressly set forth in this Lease.

LANDLORD'S REPRESENTATIONS AND COVENANTS

5. (a) Title.

The Landlord represents and warrants that as of the Lease Commencement Date it is the registered owner of the Premises, free and clear of all liens, charges and encumbrances other than Permitted Encumbrances.

5. (b) Quiet Enjoyment.

The Landlord hereby covenants with the Tenant that the Tenant, paying the Rent hereby reserved and observing and performing the covenants and conditions contained in this Lease on the Tenant's part to be observed and performed, shall and may peaceably possess and enjoy the Premises for the Term hereby granted without any interruption or disturbance from the Landlord or any other person lawfully claiming by, from or under the Landlord, upon and subject to the terms and conditions of this Lease.

5. (c) Landlord's Repairs and Obligations.

The Landlord shall not be responsible, during the Term, to repair, maintain, alter or improve or furnish any services or facilities to the Premises or the Improvements in any manner whatsoever and shall have no financial obligations whatsoever concerning the design, development, construction, operation or financing of the Improvements or the Ice Centre, save as expressly provided in this Lease.

5. (d) Explanatory Plan of Premises.

The Landlord at its expense will cause the parcels of land described in the definition of Premises to be subdivided under the Land Title Act to be prepared and will use its best efforts to have such plan approved by the approving officer pursuant to the requirements of the Land Title Act.

5. (e) Ownership of Improvements.

As between the Landlord and the Tenant during the Term, any Improvements on the Premises shall be the separate property of the Tenant or its Subtenants and not of the Landlord, subject to and governed by all provisions of this Lease. Upon the expiry of the Term or upon the earlier termination of this Lease, if the Landlord does not elect to have the Tenant demolish and remove the Improvements pursuant to the applicable provisions of this Lease, all Improvements on the Premises shall become the absolute property of the Landlord but without any payment to the Tenant or any Subtenant, free and clear of all liens, charges and encumbrances of any nature. Subject to Section 13(f), the Landlord's absolute right of property in all Improvements on the Premises which will arise upon the expiry or termination of this Lease shall take priority over any other interest in the Improvements or the Premises which may now or hereafter be created by the Tenant or Subtenant, and all dealings by the Landlord or any Subtenant with the Improvements or the Premises which in any way affect title thereto shall be subject to this right of the Landlord. At the request of the Landlord the Tenant shall execute and deliver, and shall cause any Subtenant to execute and deliver, to the Landlord such conveyances and other documents as may be reasonably requested by the Landlord from time to time to give effect to the foregoing. Provided that nothing herein contained shall prevent any Subtenant from mortgaging or removing any of its trade fixtures from the Premises from time to time.

TENANTS' COVENANTS

The Tenant covenants and agrees with the Landlord as follows:

6. (a) Payment.

The Tenant shall pay to the Landlord as and when required hereunder, without any deduction, abatement or set of any type or for any reason, all Rent hereby reserved and all other sums to be paid by the Tenant to the Landlord hereunder.

6. (b) Tenant's Taxes.

The Tenant shall pay when due the Taxes from and after the Lease Commencement Date and thereafter during the Term.

6. (c) Payment if Premises Exempt from Taxation.

If during the Term the Premises, the Improvements or any part thereof are by the provisions of any Laws exempt from taxation in whole or in part by reason of the Landlord's ownership of the Premises, and they would otherwise have been subject to taxation, then the Tenant shall in each and every year during the Term that such exemption occurs pay to the Landlord in like manner and time as Taxes are to be paid pursuant to Section 6(b) an amount equal to the amount that, but for such exemption, would have been paid by the Tenant pursuant to Section 6(b) for Taxes. In order to calculate the amount owing by the Tenant pursuant to this Section 6(c), the Landlord shall be entitled to make such reasonable assumptions and to determine an assessed value of the Premises, the Improvements and all other structures, machinery, equipment and facilities and other property of any nature whatsoever thereon or therein which is assessable for real property taxation purposes as if they had been assessed by the British Columbia Assessment Authority or its successor in function.

6. (d) Delinquent Taxes.

If the Tenant shall in any year during the Term fail to pay the Taxes or payment in lieu of Taxes under Sections 6(b) or 6(c) when due, the Tenant shall pay all penalties and interest at the percentage rate or rates established by the City or any other taxing authority for unpaid real property taxes in the City and, in addition thereto, if such be the case, penalties and interest fixed by the City or any other taxing authority for delinquent taxes, but so that the Tenant shall only be obligated to pay such penalties and interest as would be payable by other taxpayers in the City in like case.

6. (e) Utility Charges and Business Taxes.

The Tenant agrees to pay when due, at the Tenant's sole expense and for its own account, from and after the Lease Commencement Date and thereafter during the Term, or cause each and every Subtenant or person responsible to pay:

1. all utility charges including, but not limited to water, gas, electricity, fuel and telephone, rates, and assessments which are properly charged, levied or assessed in connection with the Premises, the Improvements or any part thereof;
2. all business taxes, license fees and similar taxes which may be charged, levied or assessed in connection with the Premises, the Improvements or any part thereof or which are levied or assessed against the Tenant or any Subtenant, or other person carrying on business therein or therefrom; and
3. all other charges and expenses relating to the Premises or the Improvements which are the responsibility of the Tenant pursuant to this Lease.

6. (f) Landlord to Provide Notices.

The Landlord shall forward to the Tenant all bills and notices with respect to the payments called for in Sections 6(b), 6(c), 6(d) and 6(e) which are received by the Landlord from third parties.

6. (g) Landlord May Pay Taxes, etc.

If the Tenant fails to pay when due any amounts required to be paid as Taxes, charges or otherwise by the Tenant pursuant to this Lease and which the Tenant is not contesting diligently and in good faith in accordance with Section 14 (a), the Landlord shall have the right to pay the same at the expense of the Tenant and the Tenant covenants to pay to the Landlord forthwith upon demand any amounts so paid by the Landlord together with interest thereon at a rate equal to the Penalty Rate from the date of payment by the Landlord to the date of repayment by the Tenant to the Landlord.

6. (h) Evidence of Payment.

The Tenant shall produce to the Landlord from time to time at the request of the Landlord satisfactory evidence of the due payment by the Tenant of all payments required to be made by the Tenant under this Lease.

6. (i) No Nuisance.

The Tenant shall not at any time during the Term, use, exercise or carry on or permit or suffer to be used, exercised or carried on, in or upon the Premises, the Improvements or any part thereof any noxious, noisome or offensive act, trade, business, occupation or calling, and no act, matter or thing whatsoever shall at any time during the Term be done in or upon the Premises, the Improvements or any part thereof which shall cause an annoyance, be a nuisance to, damage or disturb the adjoining lands and properties. The Landlord acknowledges that the operation of the Ice Centre, so long as it is operated strictly in accordance with the terms of this Lease, does not and will not constitute a breach of the provisions of this Section 6(i).

6. (j) No Obstruction.

The Tenant shall not permit any vehicles belonging to the Tenant to cause an obstruction on any roads, driveways in the neighbourhood of the Premises, or prevent the ingress and egress to occupants of adjacent properties, and will use its best endeavours to ensure that persons doing business with the Tenant and its servants and workmen shall not permit any vehicles to cause any such obstruction.

6. (k) Compliance with Laws.

The Tenant shall comply promptly at its expense with all Laws and all requirements of insurance underwriters, insuring the Premises and the Improvements, in force from time to time during the Term, and all notices in pursuance of any of the foregoing, whether served upon the Landlord or the Tenant, that relate to the condition of the Premises or the Improvements, or to the occupation and use of the Premises or the Improvements, or to the making of any alterations, changes, improvements, repairs, additions or other work in or to the Premises or the Improvements, or to the conduct of any business conducted in or from the Premises or the Improvements.

6. (l) Builders' Liens.

The Tenant shall promptly pay all charges payable for any work, materials or services that may be done, supplied or performed in respect of the Premises or the Improvements by or at the request of or on behalf of the Tenant, any Subtenant or other occupant of the Premises or the Improvements and shall forthwith discharge any liens in respect of same at any time filed against the Premises and shall keep the Premises free from such liens and in the event that the Tenant fails to do so, the Landlord may, but shall be under no obligation to, pay into court the amount required to obtain a discharge of any such lien in the name of the Landlord or the Tenant and any amount so paid together with all disbursements and costs in respect of such proceedings on a solicitor and client basis shall be forthwith due and payable by the Tenant to the Landlord as Additional Rent. The Tenant shall allow the Landlord to post and keep posted on the Premises or the Improvements any notices that the Landlord may desire to post under the provisions of the *Builders Lien Act*.

6. (m) Prohibitions.

The Tenant shall not allow or permit:

1. the installation or operation in any part of the Premises or the Premises of any video lottery terminals, or machines for playing games of chance with cash prizes (such as slot machines or poker machines); or
2. any part of the Premises or the Premises, including any lounge or restaurant, to be used for or to offer entertainment of a sexually explicit nature, such as, by way of example only, striptease, nude dancing or sexually explicit films or videos.

6. (n) Parking.

As part of the Improvements, the Tenant will construct at least 130 paved parking stalls, including related signage, driveways, walkways and access routes as shown on the Site Plan. The Tenant will restripe such parking areas periodically when necessary in the Tenant's reasonable opinion and consistent with its obligations under Section 11(b). Such parking stalls, driveways, walkways and access routes shall be available for use by all members of the public using or visiting the Ice Centre or using or visiting facilities provided in the latter case there is no unreasonable interference with the patrons of the Ice Centre or the operation of the Ice Centre. Any dispute as to whether any interference is unreasonable will be settled by arbitration as provided in this Lease. The Tenant will not impose any charge or fee for use of any parking stalls without the prior written consent of the Landlord.

6. (p) Operations of Ice Rinks.

Throughout the Term the Tenant or any approved assignee or sub-tenant pursuant to Article 7 will itself operate and be the Person renting out all Ice Rinks and related changing rooms within the Ice Centre, will not enter into any Sublease with respect thereof without the prior written consent of the Landlord which consent, notwithstanding anything to the contrary in this Lease, may be withheld in the Landlord's sole discretion, and will be the Person receiving and accounting for all Ice Rental Revenues.

6. (q) Continuous Operation.

Subject to temporary closure during repair, reconstruction or renovations of the Improvements and subject to Section 20(f), the Tenant shall commence operations or cause any Subtenant to commence operations in the Improvements on the date the Improvements can reasonably and safely be used and thereafter during the Term shall continuously and diligently carry on or cause to be carried on the operations specified in Section 2(c) on the whole of the Improvements. If operations in any part of the Improvements are temporarily closed or interrupted, the Tenant shall use its best efforts to restore full operations as soon as possible. The Premises and the Improvements shall at all times be operated in an up-to-date, first-class and reputable manner. The Tenant acknowledges that the Landlord is executing this Lease in reliance upon the Tenant's covenant herein contained, and that such covenant is a material element inducing the Landlord to execute this Lease.

ASSIGNMENT, SUBLETTING AND DISPOSITIONS

7. (a) Subletting by Tenant - Other Than by Way of Mortgage.

The Tenant shall not and will not during the Term, other than by way of Leasehold Mortgage as hereinafter provided, sublease the Improvements, the Premises or any part thereof to any Person without the prior written consent of the Landlord, which consent will not be unreasonably withheld or delayed provided that:

1. the Rent has been duly paid and the Tenant is not then in default in the performance or observance of any of the other covenants or agreements contained in this Lease;
2. notwithstanding any consent being given or any Sublease being effected, the Tenant shall remain bound to the Landlord for the fulfilment of each and every one of its obligations hereunder;
3. each Sublease shall:
 - a. not exceed a sublease term, including all renewal options, of thirty-five (35) years without the Landlord's prior written consent, such consent not to be unreasonably withheld;
 - b. provide that the rent may not be prepaid and that the Landlord will not be bound by any prepayment of rent for a period exceeding three (3) months; and
 - c. be consistent with and expressly subject to the terms and conditions of this Lease;
4. the Landlord will, upon request, enter into a non-disturbance agreement in a standard form to be settled by the Landlord and the Tenant for such purpose, both acting reasonably, with respect to any Sublease which satisfies the requirements set out above, wherein the Landlord will agree, notwithstanding any default of the Tenant, or termination of this Lease for any reason other than damage or destruction as set out in Article 12, not to disturb the tenancy of such Subtenant under such Sublease so long as such Subtenant pays the rent and observes and performs its obligations thereunder and the Subtenant will agree in the event of termination of this Lease to attorn as tenant to the Landlord or to such Person as the Landlord may transfer or lease the Premises.

7. (b) Assignment by Tenant - Other Than by Way of Mortgage.

1. The Tenant shall not and will not during the Term, other than by way of Leasehold Mortgage as hereinafter provided, assign, transfer or sell or otherwise, by any act or deed, cause the Improvements or this Lease or any interest therein to be assigned, transferred to sold to any Person without the consent in writing of the Landlord, which consent the Landlord:
 - a. may arbitrarily withhold at any time until 12 months have elapsed from the Rent Commencement Date; and
 - b. thereafter, shall not unreasonably withhold, provided as hereinafter set forth.

2. Provided that the Landlord, in considering a request by the Tenant to approve an assignment, shall be acting reasonably in taking into account the following matters:
 - a. the reputation and business experience of the proposed assignee;
 - b. the financial standing and capability of the proposed assignee (as evidence of which the three (3) most recent financial statements of the proposed assignee shall be provided to the Landlord), including evidence that the proposed assignee will be able to secure the financing necessary to operate the Ice Centre in accordance with this Lease, and evidence that there are no actions, suits, claims, legal or administrative proceedings or investigations, private or public, pending or threatened, which might affect the proposed assignee's ability to fulfil all the covenants and agreements of the Tenant under this Lease; and
 - c. past and present dealings of the proposed assignee with the Landlord and the City;

If the Landlord, acting reasonably, is not satisfied with respect to any of the foregoing matters, it may withhold its consent.

3. Provided further that the Landlord shall also be acting reasonably, and shall be entitled arbitrarily to withhold its consent to an assignment:
 - a. if the Tenant is in default in payment of Rent or in material default the performance or observance of any of the covenants or agreements of the Tenant under this Lease, unless the proposed assignee provides assurance to the Landlord that it will cure such defaults; or
 - b. unless the proposed assignee enters into an agreement with the Landlord whereby the proposed assignee covenants directly with the Landlord and agrees to be bound and comply with all the covenants and agreements of the Tenant under this Lease; or
 - c. unless the Tenant or the proposed assignee pay all of the Landlord's reasonable out-of-pocket costs in considering the proposed assignment and preparing the agreement referred to herein.
4. The Tenant shall not and will not during the Term share possession of the Improvements, the Premises or any part thereof or part with possession of the Improvements, the Premises or any part thereof, other than by way of a Sublease complying with Section 7(a) or an assignment complying with Section 7(b) (other than by way of a Leasehold Mortgage as hereinafter permitted).
5. Any transfer or sale of shares or other transaction which would result in any change in the effective control of:

- a. the Tenant at any time until 12 months have elapsed from the Rent Commencement Date; or
- b. any Nominee which has acquired the Tenant's leasehold interest pursuant to Section 7(d) or a new lease of the Premises pursuant to Section 13(f) at any time;

shall be deemed to be an assignment to which the foregoing provisions of this Section 7(b) shall apply.

7. (c) Tenant's Right to Mortgage.

The Tenant shall have the right, at any time and from time to time during the Term, to grant one or more Leasehold Mortgages and to extend, modify, renew, or replace any such Leasehold Mortgage, subject to the following:

1. the Landlord shall be given the name and address for service of the Leasehold Mortgagee;
2. the Tenant shall not, at the time of grant, be in default in payment of Rent or the performance or observance of any of the covenants or agreements of the Tenant under this Lease beyond any period given to the Tenant to cure such default under this Lease;
3. such Leasehold Mortgage shall cover the whole of the Tenant's interest in this Lease (except for the last day of the Term) and provide that any loss under the policies of insurance required to be furnished pursuant thereto shall be disposed of in accordance with the provisions of this Lease; and
4. such Leasehold Mortgagee shall first enter into an agreement with the Landlord incorporating the provisions of Section 7(d) and to the effect that:
 - a. if and when the Leasehold Mortgagee becomes a mortgagee in possession (which term shall include a receiver or receiver and manager appointed by the Leasehold Mortgagee) it will, during such time as it remains a mortgagee in possession, be bound by and use its best efforts to perform all of the obligations of the Tenant contained in this Lease and any other agreements arising directly from the Lease affecting the Premises and to remedy any default of the Tenant thereunder arising prior to the time of going into possession to the extent that such default is capable of being remedied;

7. (d) Rights of Leasehold Mortgagee.

A Leasehold Mortgagee shall have the benefit of the provisions of Section 13(f). Subject to the provisions of Sections 7(c) and 13(f), a Leasehold Mortgagee may upon default by

Tenant and according to law enforce its Leasehold Mortgage and acquire title to the Tenant's leasehold estate in any lawful way. Without limitation, the Leasehold Mortgagee may, by its representative or by a receiver as the case may be, take possession of and manage the Premises. Upon foreclosure of (or without foreclosure upon exercise of any contractual or statutory power of sale under) such Leasehold Mortgage, the Leasehold Mortgagee may assign this Lease to its Nominee without the Landlord's consent and the Leasehold Mortgagee or its Nominee may sell or assign or sublease the Tenant's leasehold estate, in like manner and subject to the same terms and conditions as govern assignment or subletting by the Tenant except that upon a sale or assignment of the Tenant's leasehold estate consented to by the Landlord in accordance with this Lease, the Leasehold Mortgagee or its Nominee, as the case may be, shall have no further liability in respect of any obligations of the Tenant contained in this Lease to be observed and performed after the effective date of such assignment.

7. (e) Landlord's Reversionary Interest Superior.

Nothing in this Lease shall in any way bind the Landlord or its successors or assigns to subordinate its reversionary interest in the Premises.

7. (f) Landlord's Notice to Leasehold Mortgagee and Subtenants.

The Landlord agrees to give thirty (30) days' prior notice to a Leasehold Mortgagee and the Tenant regarding any amendment to or surrender of this Lease that would affect this Lease, and the Landlord agrees that no such amendment or surrender shall occur without the written consent of all Leasehold Mortgagees and the Tenant.

7. (g) Request by Leasehold Mortgagee.

If a Leasehold Mortgagee requires the Tenant to request reasonable amendments to the provisions of this Lease in order to protect the Leasehold Mortgagee in the event of a default by the Tenant, the Landlord agrees to give due consideration, acting reasonably, to such request, and the Tenant shall pay all of the Landlord's costs in fulfilling such a request forthwith on demand.

INDEMNITY OF LANDLORD

8. (a) Non-Liability of the Landlord.

The Landlord shall have no liability whatsoever with respect to claims or damages of third parties resulting from the use, occupation, management, subleasing or financing of the Improvements or the Premises. Without limiting the generality of the foregoing, the Landlord shall not be liable for any loss, death or injury arising from or out of any occurrence in, upon, at or relating to the Improvements or the Premises or any damage to or loss of the property of the Tenant or of others wherever located, whether or not resulting from the exercise by the Landlord of any of its rights under this Lease. The intent of this Section 8(a) is that the Tenant, except as provided for herein, (and all other Persons having business with the Tenant or its Subtenants or other Persons having

business with them, as the case may be) is to look solely to its insurers to satisfy any claim which may arise on account of death, injury, loss or damage, irrespective of its cause. This exculpation of the Landlord from liability shall not extend to loss, death or injury arising from or damage to works erected or maintained by the Landlord on or under or adjacent to the Premises. Nothing herein will prevent the Tenant or any Subtenant from exercising any remedy at law that they may have as a result of any act or omission by any third party.

8. (b) Tenant's Indemnity of the Landlord.

The Tenant covenants to indemnify and save harmless the Landlord and all those for whom they are at law responsible from any and all claims, liabilities, damages, costs, expenses, suits or actions resulting from:

1. any breach, violation or non-performance by the Tenant or its Subtenants or any Person for whom the Tenant is at law responsible of any covenant, obligation or agreement of the Tenant contained in this Lease;
2. any damage to property, either real or personal, howsoever occasioned by the construction, use or occupation of the Premises by anyone on the Premises save and except as noted in Section 8(a) above;
3. any damages or personal or bodily injury to any person or persons, including death resulting at any time therefrom, howsoever occasioned by the construction, use or occupation of the Improvements or the Premises by anyone thereon, save and except as noted in Section 8(a) above;
4. all costs, expenses and legal fees (on a solicitor and client basis) that may be incurred or paid by the Landlord in enforcing the terms, covenants and conditions of this Lease if the Tenant admits or is found to be in breach thereof by a court of competent jurisdiction or in an arbitration, and if the Landlord is made a party to any litigation commenced by or against the Tenant, then the Tenant will indemnify and hold the Landlord harmless and pay all expenses and legal fees incurred or paid by the Landlord in connection with the litigation.

This Section 8(b) shall survive the termination or expiry of this Lease, any provisions in this Lease to the contrary notwithstanding.

INSURANCE

9. (a) Building in Course of Construction Insurance.

Prior to the commencement of any demolition or construction on the Premises, the Tenant shall place and keep in force, or cause to be placed and kept in force until completion of such construction, insurance for the full Replacement Cost of the Improvements being constructed in favour of the Tenant and any other party with an insurable interest in the property insured including but not limited to the Tenant, the Landlord, and any

mortgagee, lienholder, lessor or lessee. The course of construction insurance policy shall cover the Premises, Improvements and fixtures, equipment and building materials on the Premises during construction on an "all risks" form to include:

1. the perils of flood and earthquake;
2. a Breach of Conditions Clause, including the following clause: "Notwithstanding anything contained elsewhere in this policy, any breach of a condition of the policy, whether by commission or omission by one of the parties hereby insured shall not prevent recovery by any other party who is innocent of such act or breach"; and
3. coverage for resultant damage from error in design.

9. (b) Wrap-Up Liability Insurance.

The Tenant shall, during any demolition or construction, maintain or cause to be maintained comprehensive general liability insurance commonly called "Wrap-up" coverage, including contractual liability and products and completed operations liability, on an occurrence basis against claims for personal or bodily injury, death or property damage suffered by others arising in connection with the Premises or Improvements or out of the operations of the Tenant, its contractor and its employees, agent, consultants, subcontractors and subconsultants in, or about the Premises or Improvements, with a limit of not less than five million dollars (\$5,000,000) for any personal or bodily injury, death, property damage or other claims in respect of any one accident or occurrence. Coverage shall include twelve (12) month completed operations coverage.

9. (c) Errors and Omissions Liability Insurance.

Prior to commencing construction of the Improvements, the Tenant's contractor shall provide to the City of Surrey proof of Singled Project Professional Liability and Errors and Omissions Insurance to a limit and with a deductible as specified in the City of Surrey Insurance Certificate - Preconstruction and Construction as may be updated from time to time, but in no case shall this limit be less than one million dollars (\$1,000,000). This coverage shall include a twelve (12) month maintenance period to commence when final approval of the construction has been received.

9. (d) "All Risks" Property Insurance.

Except as to any portion of the Improvements under construction which is insured by the insurance coverage provided pursuant to Section 9(a), the Tenant shall, at all times during the Term, insure and keep insured or cause to be insured and kept insured the Improvements and all other insurable property belonging to the Tenant and located on the Premises in an amount not less than the Replacement Cost thereof against loss or damage by perils of "all risks", being the perils included in the standard "all risks" policy issued by insurers from time to time but to include:

1. the perils of flood and earthquake; and
2. a Breach of Condition clause, to include the following clause: "Notwithstanding anything contained elsewhere in this policy, any breach of a condition of the policy, whether by commission or omission, by one of the parties hereby insured shall not prevent recovery by any other party hereby insured who is innocent of such act or breach";

to the extent available and as would be obtained by a prudent owner of a similar facility, and in any event in an amount sufficient to prevent the Landlord or the Tenant from being deemed to be a co-insurer.

9. (e) Boiler and Machinery Insurance.

During any time when boiler and pressure vessels are installed and maintained on the Premises, the Tenant shall maintain or cause to be maintained comprehensive boiler and machinery insurance on a repair and replacement basis without rights of subrogation or cross claim, in such amount as would be normally maintained by a prudent owner of such a project and which amount shall initially be not less than \$5,000,000. The insurance policies placed under Sections 9(d) and 9(e) shall be in the joint names of the Landlord and the Tenant and any Leasehold Mortgagee and shall contain a "joint loss agreement" between the property insurers and the boiler insurers.

9. (f) Deductibility.

The Tenant may at its option place the insurance required to be maintained pursuant to Sections 9(a), 9(d) or 9(e) under a policy or policies in the amounts required less a reasonable deductible amount, the loss with respect to which would be required to be borne by the Tenant, as agreed between the parties or failing agreement, settled by arbitration, subject to increase from time to time to reflect general increases in inflation.

9. (g) Commercial General Liability Insurance.

The Tenant shall, at all times during the Term, maintain or cause to be maintained commercial general liability insurance including contractual liability on an occurrence basis against claims for personal or bodily injury, death or property damage suffered by others arising in connection with the Improvements or the Premises or out of the operations of the Tenant and its contractor in, on or about the Improvements or the Premises, in such amounts and to such extent as a prudent owner of such a project would carry (which amount shall be not less than \$5,000,000 for any personal or bodily injury, death, property damage or other claim in respect of any one accident or occurrence). The insurance policy or policies placed by the Tenant pursuant to this Section 9(g) shall be primary and shall be fully exhausted before calling into contribution any insurance available to the Landlord. Any additional insurance placed by the Landlord in its own behalf shall be in excess of the primary insurance required under this Section 9(g).

9. (h) Increased Coverage.

The Landlord, acting reasonably, shall have the right to require that the Tenant increase the amount of insurance coverage referred to in Sections 9(d), 9(e) and 9(g) to reflect requirements of applicable laws, general increases in inflation or damage awards

9. (i) Business Interruption/Rental Income Insurance.

The Tenant shall, at all times during the Term, maintain or cause to be maintained business interruption/rental insurance covering loss of revenue from the Improvements and the Premises for a period of twelve (12) months. The Tenant shall assign or cause to be assigned the proceeds of such insurance to the Landlord at all times during the Term, provided that the Landlord shall postpone its interest therein to any Leasehold Mortgagee. The business interruption/rental insurance referred to in this Section 9(i) shall not include or be construed to be lease guarantee insurance.

9. (j) Co-Insurance.

If any policy of insurance required under this Article 9 contains a co-insurance clause, the Tenant shall maintain or cause to be maintained at all times a sufficient amount of insurance to meet the requirements of any such co-insurance clause so as to prevent the Tenant from becoming a co-insurer under the terms of such policy or policies and to permit full recovery of the amount insured in the event of loss (subject to the provisions for a deductible amount set out in Section 9(f)).

9. (k) Evidence of Insurance and Approval of Insurance.

1. The Tenant shall deliver certificates of all insurance and/or copies of all insurance policies to the Landlord forthwith after obtaining same.
2. Certificates of insurance shall be provided on the City of Surrey Insurance Certificate form, and provide coverages outlined therein.
3. The Landlord, acting reasonably, shall have the right to approve the insurers and the insurance policies required under this Article 9. If the Landlord shall disapprove of the insurers or the insurance policies required under this Article 9, acting reasonably, the Tenant shall forthwith obtain or cause to be obtained new policies from an insurer and in a form satisfactory to the Landlord in accordance with the terms of this Lease.

9. (l) Non-Cancellation.

Each of the policies of insurance provided pursuant to this Article 9 shall contain an agreement by the insurer to the effect that it will not cancel or alter or refuse to renew such policy prior to its expiration, whether by reason of non-payment of premium, non-fulfilment of condition or otherwise, except after thirty (30) days' prior written notice to the Landlord.

9. (m) Premiums and Evidence of Payment Thereof.

The Tenant shall duly and punctually pay or cause to be paid all premiums and other sums of money payable for maintaining the insurance to be provided pursuant to this Article 9. The Tenant will produce to the Landlord as soon as reasonably feasible, and in any event no later than thirty (30) days prior to the expiry of any policy of insurance placed pursuant to this Article 9, evidence of the renewal or replacement of such insurance.

9. (n) Named Insured.

The Tenant shall cause the policies of insurance provided for in Sections 9(a), 9(d) and 9(e) to show the Landlord as an insured party, and the policies of insurance provided for in Section 9(g) to show the Landlord as an additional insured party, all subject to the rights of any Leasehold Mortgagee.

9. (o) Landlord's Right to Insure.

The Tenant shall advise the Landlord of any cancellation, material alteration or lapse of any policies of insurance required to be provided pursuant to this Article 9. If the Tenant fails to effect and keep or cause to be kept such insurance in force, or if such insurance is in an amount less than the amount required under this Lease, the Landlord shall have the right, upon thirty (30) days notice to the Tenant in a non-emergency situation or forthwith in an emergency situation and without assuming any obligation in connection therewith, to effect such insurance at the cost of the Tenant and all outlays by the Landlord shall be payable by the Tenant to the Landlord as Additional Rent forthwith upon demand without prejudice to any other rights and recourse of the Landlord hereunder. No such insurance taken out by the Landlord shall relieve the Tenant of its obligations to insure hereunder and the Landlord shall not be liable for any loss or damage suffered by the Tenant in connection therewith.

9. (p) Particular Clauses.

All policies of property insurance to be taken out pursuant to Sections 9(a), 9(d) and 9(e) shall contain a waiver of subrogation clause in favour of the Landlord and its councillors, directors, officers, agents and employees. All policies of liability insurance to be taken out pursuant to Sections 9(b) and 9(g) shall contain a cross-liability/severability of interests clause so that the policies will protect the Landlord and the Tenant and other insureds as if each were alone insured under such policies.

CONSTRUCTION

10. (a) Construction and Observance of Law by the Tenant.

The Tenant will commence construction of the Improvements on the Premises and any work or landscaping which may be required pursuant to other agreements between the Tenant and the City, in accordance with the Construction Schedule and will pursue construction thereof diligently, continuously and in a good and workmanlike manner to completion in accordance with the approved Site Plan, the approved Plans and Specifications, the Construction Schedule, applicable Laws and such other agreements.

10. (b) Security.

Upon approval of the Site Plan and Plans and Specifications by the Landlord in accordance with Section 19(a)4 and upon the Tenant entering into the construction contract or contracts in accordance with Section 19(a)3, the Tenant agrees to deposit with the Landlord security (the "Security") by way of a performance bond from a bonding company approved by the Landlord, which bond shall name the Tenant, the Leasehold Mortgagee providing construction financing, as obligees (if possible, and otherwise the benefit of such bond shall be assigned to the Landlord) and shall be on terms acceptable to the Landlord, a cash deposit or an irrevocable letter of credit approved by the Landlord or any combination thereof in the total amount of one hundred percent (100%) of the estimated cost, as approved by the Landlord, of the Improvements contemplated by the Plans and Specifications to be constructed upon the Premises by the Tenant. If required by the Leasehold Mortgagee providing construction financing, the Landlord will postpone its interest in any performance bond to such Leasehold Mortgagee provided such Leasehold Mortgagee enters into an agreement with the Landlord, on terms and conditions acceptable to both the Landlord and the Leasehold Mortgagee, which agreement, if approved, shall ensure that the Leasehold Mortgagee will continue to advance such construction financing as required to complete construction of the Improvements. If at any time during construction the estimated cost of the completion of the Improvements exceeds the value of the Security held by the Landlord, the Tenant shall provide supplemental Security sufficient to cover the then increased estimated cost of completion, if the Security does not automatically so provide. In the case of abandonment of the Premises or termination of this Lease by reason of the Tenant default, the Landlord shall be entitled to draw such amounts against the Security then held or gain the benefit of the security as is necessary to complete construction of the Improvements. Subject to receipt by the Architect of statutory declarations required by the Architect as to the value of work completed, cost to complete all facilities, payment of all accounts to subcontractors and material suppliers to the Premises and provision for proper statutory holdbacks under the *Builders Lien Act* as amended, the Landlord shall, except in the case of security provided solely by a performance bond, from time to time agree to reduce the amount of the Security to the total of ten percent (10%) of the value of the then completed Improvements plus one hundred percent (100%) of the then current estimated cost of the Improvements remaining to be constructed pursuant to the Plans and Specifications for the Premises as valued solely by the Architect. No request by the Tenant for a reduction

of the Security shall be made for any amount less than ten percent (10%) of the original estimated cost of the Improvements.

10. (c) Initial Construction of Premises.

1. No material change or related series of changes in excess of \$150,000 as determined in the sole opinion of the Architect shall be made from the Site Plan or the Plans and Specifications during the initial construction of the Premises without the prior written consent of the Landlord such consent not to be unreasonably withheld. No change, subject to provisions of Section 20(f), shall be made to the Construction Schedule without the prior written consent of the Landlord, such consent not to be unreasonably withheld.
2. All products to be supplied in connection with the Improvements shall be new unless otherwise set out in the Plans and Specifications.
3. The Tenant shall bear all costs of construction with respect to the Improvements including, without limiting the generality of the foregoing, any and all landscaping, parking, lighting, retention or detention ponds, federal, provincial or other sales taxes, customs and excise duties, freight costs, charges, development cost charges, utility or service connection fees or charges specific to the Premises.
4. The Landlord represents to the Tenant that all needed services provided by the City adequate for the purposes of the Improvements shown on the Plans and Specifications, including and without limiting the generality of the foregoing storm, sanitary sewers, water supply, B.C. Tel, B.C. Hydro, B.C. Gas and Cable, are or will be provided at or adjacent to the property line of the Premises on 54A Avenue or elsewhere as may be mutually agreed and are or will be fully paid for and will not be the subject of any local improvement charge included in Taxes. The Landlord agrees that, subject to payment of normal hook-up charges, the Tenant shall be entitled to connect to such services. Further, the Landlord confirms that any subsequent road construction on 54A Avenue will be paid for by the Landlord.
5. The Landlord shall have access to the Improvements for inspection wherever it is in preparation or progress. The Tenant shall cooperate with the Landlord with respect thereto.
6. During the period of the initial construction of the Improvements and during any subsequent period of construction relating to any material alteration, reconstruction or replacement of all or any part of the Improvements, the Tenant shall deliver to the Landlord for each three (3) month period during such construction, a certificate from the Architect to confirm the percentage of the work done to the date of such certificate and the amount of such work as approved by such Architect provided that such three month period shall be reduced to one (1) month in the event the Architect's certificates are issued on a monthly basis during such construction.

7. The Tenant warrants for itself and all contractors and subcontractors that the Improvements, including all labour and materials, is and will be of good professional quality and conform in all respects to the Plans and Specifications, building permits and applicable Laws. Furthermore, Tenant warrants that the Improvements shall be free from defects in workmanship or materials, whether supplied by the Tenant or any contractor, subcontractors or other person providing labour or materials to the Improvements, for a period of one (1) year following the date of completion.
8. The contractor and any subcontractors shall be responsible to the Tenant and nothing contained in the contract documents shall create a contractual relationship between any contractor or subcontractor and the Landlord.
9. If at any time it appears to the Architect or the Landlord that the Improvements will not be completed by the date required by the Construction Schedule, then, without prejudice to any other right or remedies which the Landlord may have under this Lease, subject to Section 20(f), the Landlord may, at its option require the Tenant at the Tenant's expense to place on the job such additional personnel and equipment as will, in the opinion of the Landlord, acting reasonably, be necessary to totally complete the Improvements by such date and the Tenant agrees to do so.
10. Within sixty (60) days after the Improvements have been completed the Tenant, at its own expense, will deliver or cause to be delivered to the Landlord:
 - a. "as built" Plans and Specifications;
 - b. a certificate from the Architect, addressed to the Landlord, that the Improvements have been constructed in accordance with the Site Plan and the Plans and Specifications; and
 - c. a survey of the completed Improvements showing their location on the Premises.

10. (d) Completion.

The Improvements shall be completed for the purposes hereof when all of the following events have occurred and the Architect has so certified to the Landlord:

1. all work has been properly completed and all defects except of a minor nature have been remedied;
2. all building equipment and services including elevators, heating and air-conditioning systems and utilities (save for those items customarily left to finishing at the direction of particular Subtenants) have been completed, are operating properly, are available for use and have met building code;

3. all building by-laws and other regulations have been complied with and all necessary permits for occupancy of the Improvements have been obtained;
4. all rented space is completed except work customarily done to a particular Subtenant's order and dependent upon individual Subtenant's requirements or work which is reasonably and customarily allocated to Subtenants to complete; and
5. the Improvements generally are in a condition in which it can be occupied by the Tenant or subleased to and occupied by Subtenants and any work that is still unfinished is such as can be completed promptly.

10. (e) Subsequent Construction.

The Tenant shall have the right, from time to time:

1. to conduct repairs and cosmetic renovations without the consent of the Landlord in accordance with applicable laws; and
2. to undertake major construction, alterations, demolition, reconstruction or replacement of all or any part of the Improvements provided that the consent of the Landlord is first obtained which consent shall not be unreasonably withheld so long as Section 20(b) is complied with and provided that:
 - a. all construction and approval requirements of this Article 10 apply to such construction and are complied with; and
 - b. any such construction, reconstruction or replacement is in accordance with plans and specifications including any site plan which the Landlord shall first have approved, such approval not to be unreasonably withheld.
 - c. the Tenant observes and complies with all applicable Laws in force which pertain to or affect the construction, use or operation of the Premises, or the making of any repairs, replacements, alterations or additions to Improvements or the Premises; and
 - d. the Tenant carries out all modifications, alterations or changes of or to the Premises and the conduct of operations in or use of the Improvements or the Premises which are required by any such authorities as set out above.

REPAIRS AND MAINTENANCE

11. (a) Landlord Not Responsible.

The Landlord shall not, during the Term, have any obligations to repair or maintain the Improvements or the Premises. For greater certainty, it is expressly agreed that the

responsibility for the Improvements including future replacements shall be the full responsibility of the Tenant.

11. (b) Tenant's Obligation to Repair.

The Tenant shall, at its own cost and expense, repair, renovate, replace and maintain the Improvements and the Premises in good order and repair at all times during the Term. Such repair and maintenance shall be in all respects to a standard commensurate with a first class ice centre which would be maintained by a prudent owner of a similar facility and shall be carried out in accordance with Article 10. The Tenant shall promptly provide to the Landlord copies of any liens, work orders or notices or other communications received dealing with the state of repair of the Improvements or the Premises. Upon reasonable advance notice, the Landlord or its agents may inspect the state of repair of the Improvements.

DAMAGE OR DESTRUCTION

12. (a) Continuation of Rent.

The partial or complete damage to or destruction of the Improvements shall not terminate this Lease (except as set out in Section 12(c)) or entitle the Tenant to any abatement of Rent.

12. (b) Repair and Replacement by the Tenant.

In the event of partial or complete damage to or destruction of the Improvements, the Tenant shall (except as set out in Section 12(c)) and at its sole cost and expense either replace or cause to be replaced the Improvements or part of the Improvements damaged or destroyed with new Improvements in accordance with the original approved Plans and Specifications, or such other plans as the Landlord shall approve, or repair or reconstruct such damage or destruction. Any such replacement, repair or reconstruction shall be commenced within a reasonable period of time, and shall be completed within 24 months after the occurrence of such damage or destruction or such lesser time period as may be provided for in a Leasehold Mortgage for making any such replacement, repair or reconstruction and shall be carried out in accordance with Articles 9, 10 and 11.

12. (c) Tenant's Right to Terminate.

Notwithstanding Sections 11(b) and 12(b), in the event of damage to or destruction of the Improvements during the last ten (10) Lease Years of the Term to the extent of more than fifty percent (50%) of the replacement cost of the Improvements as certified by the Architect, the Tenant, at its option exercisable by notice to the Landlord within one hundred and seventy (170) days after such damage or destruction and only with the consent of any Leasehold Mortgagee where such consent is necessary, may decline to replace, repair, or reconstruct the Improvements and instead demolish all Improvements on the Premises and return the Premises to a vacant state in compliance with Section 13(a) all at its sole cost and expense, and terminate this Lease and, in such event, all

insurance proceeds shall be payable, subject to the rights of any Leasehold Mortgagee under this Lease, firstly to reimburse the Tenant for all costs and expenses necessarily incurred by it in the demolition and restoration of the Premises as aforesaid, secondly the balance to be divided between the Tenant and the Landlord as follows:

1. to the Tenant, in that proportion that the number of days remaining in the Term after the date of such damage or destruction bears to ten (10) years; and
2. to the Landlord, the balance.

REMEDIES OF THE LANDLORD

13. (a) Default and Right to Re-Enter.

If and whenever:

1. the Tenant fails to pay any Rent, or other amounts due under the terms of this Lease twenty-one (21) days next after receipt of notice of default in payment of Rent, or other amounts due;
2. the Tenant fails to observe or perform any of the other terms, covenants or conditions of this Lease to be observed or performed by the Tenant (in this Section 13(a) referred to as a "Non-Monetary Default"), provided the Landlord first gives the Tenant thirty (30) days' notice of any such Non-Monetary Default and unless the Tenant commences to remedy the same within such thirty (30) day period and thereafter proceeds to remedy the same with reasonable diligence;
3. the Tenant shall be wound up, its charter forfeited or surrendered or the corporate existence otherwise terminated, unless in conjunction with a corporate reorganization in which a successor corporation will succeed to its obligations; but notwithstanding such provisions, if any Leasehold Mortgagee shall, within thirty (30) days of its being advised in writing by the Landlord of the occurrence of any event of default affecting the Tenant pursuant to the preceding provisions of this Section 13(a), forthwith undertake to remedy and diligently proceed to remedy any actual default in the performance of the obligations of the Tenant under this Lease to the satisfaction of the Landlord, the Landlord shall not exercise the remedies available to it until such time as there shall be an actual default in the performance of the obligations of the Tenant under this Lease which shall not be remedied pursuant to this Section 13(a)3; or
4. in any one Lease Year more than three (3) notices of default of Rent have been given by the Landlord;

then and in every such case the Landlord in addition to any other rights or remedies it has pursuant to this Lease or by law, may re-enter and repossess the Premises subject to Section 13(f) and such relief as may be available at law or in equity to the Tenant and provided that, notwithstanding the foregoing, the Landlord shall have no right to re-enter

or repossess the Premises for any Non-Monetary Default which is minor, immaterial or not reasonably likely to prejudice the Landlord in any material way, without limiting the Landlord's other remedies for such a Non-Monetary Default.

13. (b) Landlord's Right to Cure.

Notwithstanding the foregoing and without limiting any other remedies the Landlord may have arising out of this Lease or at law, upon the happening of a default by the Tenant under this Lease, and the failure to remedy such default within the time limits set forth in Section 13(a), the Landlord shall have the right, without any re-entry or termination of this Lease, to enter upon the Premises and cure or attempt to cure such default (but this shall not obligate the Landlord to cure or attempt to cure any such default or, after having commenced to cure or attempt to cure such default, to continue to do so).

13. (c) Termination, Reletting and Damages.

1. In addition to any other rights detailed in Section 13(a) the Landlord may, subject to Section 13(f), elect to re-enter the Premises as provided in Section 13(a), or if it takes possession pursuant to legal proceedings, it may either terminate this Lease or it may from time to time without terminating this Lease make such alterations and repairs as are necessary in order to relet the Premises or any part thereof for such term or terms (which may be for a term extending beyond the Term) and at such Rent and upon such other terms, covenants and conditions as the Landlord in its sole discretion considers advisable.
2. Upon each such reletting all Rent received by the Landlord from such reletting shall be applied first, to the payment of any indebtedness other than Rent due from the Tenant second, to the payment of any costs and expenses of such reletting, including brokerage fees, and solicitor's fees and of costs of such alterations and repairs; third, to the payment of Rent due and unpaid hereunder; and the residue, if any, shall be held by the Landlord and applied in payment of future Rent as the same becomes due and payable. If such Rent received from such reletting during any month is less than that to be paid during that month by the Tenant pursuant to Article 3 of this Lease, the Tenant shall pay any such deficiency which shall be calculated and paid monthly in advance on or before the first day of each and every month. No such re-entry or taking possession of the Premises by the Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of such intention is given to the Tenant. Notwithstanding any such reletting without termination the Landlord may at any time thereafter elect to terminate this Lease for such previous breach.
3. If the Landlord at any time terminates this Lease for any breach, in addition to any other remedies it may have, it may recover from the Tenant all damages it incurs by reason of such breach, including the cost of recovering possession of the Premises, solicitor's fees (on a solicitor and client basis) and including the worth at the time of such termination of the excess, if any, of the amount of Rent and charges equivalent to Rent required to be paid pursuant to this Lease for the

remainder of the stated Term over the then reasonable rental value of the Premises for the remainder of the stated Term, all of which amounts shall be immediately due and payable by the Tenant to the Landlord.

4. Upon the occurrence of any event referred to in Section 13(a), then in addition to all rights, including the rights referred to in this Section 13(c) and in Section 13(a), the full amount of the current month's instalment of Rent and any other payments required to be made monthly hereunder, together with the next three (3) months' instalments of Rent and the aggregate of such payments for the next three (3) months, all of which shall be deemed to be accruing due on a day-to-day basis, shall immediately become due and payable as accelerated Rent, and the Landlord may immediately distrain for the same, together with any arrears then unpaid.

13. (d) Landlord Expenses.

If legal suit is brought for recovery of possession of the Premises, for the recovery of Rent, or any other amounts due under this Lease, or because of the breach of any other terms, covenants or conditions by the Tenant to be kept or performed, and a breach is established, the Tenant shall pay to the Landlord all reasonable expenses incurred therefor, including legal fees (on a solicitor and client basis), unless a court shall otherwise award.

13. (e) Removal of Chattels.

In case of removal by the Tenant of the goods and chattels of the Tenant from the Premises, the Landlord may follow same for thirty (30) days.

13. (f) Protection of Leasehold Mortgagee.

The Landlord agrees, for the benefit of any Leasehold Mortgagee of whom notice and an address for service has been given to the Landlord as follows:

1. the Landlord shall not exercise any of its rights or remedies against the Tenant consequent upon any default or non-performance by the Tenant of any of its obligations under this Lease unless, and it shall be a condition precedent to any such exercise that:
 - a. the Landlord shall have given each such Leasehold Mortgagee notice specifying the particulars of such default or non-performance;
 - b. in the case of non-payment of Rent or other money payment, the same shall not have been remedied within a period of twenty-one (21) days after such notice to the Leasehold Mortgagee; and
 - c. in the case of any other breach or non-performance, the same shall not have been remedied within a period after such notice to such Leasehold

Mortgagee which is the greater of ninety (90) days and such longer time as would have reasonably sufficed for the remedying of such breach of non-performance if the Leasehold Mortgagee had commenced to remedy the same within such ninety (90) day notice period and thereafter proceeded to remedy the same with reasonable diligence (provided that such Leasehold Mortgagee shall not be entitled to the advantage of such longer time unless it shall have duly commenced to remedy the same within such period and shall actually have proceeded thereafter to remedy the same with reasonable diligence, and shall have provided to the Landlord reasonable evidence as to the steps being taken by the Leasehold Mortgagee toward remedying the same);

2. if the Landlord shall become entitled to and shall terminate this Lease by re-entry, forfeiture or otherwise, on account of any breach or non-performance by the Tenant, the Landlord shall give written notice to every such Leasehold Mortgagee promptly upon any termination of this Lease being effected accompanied by particulars of the nature and extent of the default which brought about termination. The Landlord agrees that, upon the request of any Leasehold Mortgagee if such request is made in writing within sixty (60) days after the giving of the above-mentioned notice by the Landlord, the Landlord will grant to such Leasehold Mortgagee or an entity which is the nominee of and controlled by such Leasehold Mortgagee (the "Nominee") (or, if more than one such Leasehold Mortgagee shall make such a request, whichever of such Leasehold Mortgagees has priority as between the Leasehold Mortgagees making such request by virtue of having the most senior Leasehold Mortgage) a new lease of the Premises for a term equal in duration to then remaining residue of the Term of this Lease upon all of the same terms, covenants, provisions, agreements and conditions as are contained in this Lease including, for greater certainty, the provisions of Section 3(a) of this Lease, and remain to be fulfilled or complied with subject only to the same conditions of title as existed on the date of termination; provided, however, that the Landlord's obligation to grant such new lease is conditional upon the Landlord being paid all its reasonable expenses in connection with such new lease and all Rent and other monies which would have been lawfully due and owing under or contemplated by this Lease to the date of such new lease other than accelerated rent and any damages which may be payable to the Landlord by the Tenant under this Lease; and
3. the provisions of this Section 13(f)3 shall be enforceable by every Leasehold Mortgagee intended to be benefited thereby, notwithstanding that it is not a party to this Lease and whenever requested by the Tenant or any Leasehold Mortgagee the Landlord will enter into an agreement directly with such Leasehold Mortgagee containing the terms of this Section 13(f)3.

13. (g) Remedies of Landlord Cumulative.

The remedies of the Landlord specified in this Lease are cumulative and are in addition to any remedies of the Landlord at law or equity. No remedy shall be deemed to be

exclusive, and the Landlord may from time to time have recourse to one or more or all of the available remedies specified herein or at law or equity.

CONTESTATION

14. (a) Contestation by the Tenant.

Provided that the Landlord has received prior written notice the Tenant shall have the right, at its sole expense:

1. to contest or apply for a reduction of the amount, legality or mode of payment of all utility charges, Taxes, rates, duties, charges, assessments or fees of any nature whatsoever, to contest any claim for lien levied or charged in respect of the Improvements or the Premises; and
2. to defend and to prosecute any claims and in general to take any appropriate action to protect and enforce any rights or interest it may acquire by virtue of this Lease.

14. (b) No Default During Contestation.

During the period of any contest, application or action taken in accordance with Section 14(b) no default shall be deemed to have occurred in the performance of the covenant, obligation or agreement under this Lease which is the subject matter of such contest, application or action; provided, however, that during the period of any such contest, application or action there shall be no abatement of Rent by reason of this Section 14(b).

14. (c) No Sale or Forfeiture.

No contestation by the Tenant shall be conducted in such manner as to cause or threaten the loss of the Premises through sale or forfeiture. If any loss of the Premises is threatened, the Tenant will take such steps as the Landlord reasonably requires to ensure that such loss does not occur.

ARBITRATION

15. (a) Arbitration.

If under the provisions of this Lease the Landlord and the Tenant have expressly agreed to refer a dispute or difference arising under this Lease to arbitration, then the determination of such dispute or difference will be determined by a single arbitrator under the *Commercial Arbitration Act* of British Columbia, and any statutory modification or re-enactment thereof. The decision of such arbitrator shall be final and binding upon the parties. The costs of the arbitrator and of facilities for the arbitration shall be borne equally by the parties, except as otherwise stated herein. Except as otherwise provided for herein, the provisions of the said *Commercial Arbitration Act* shall apply.

ESTOPPEL CERTIFICATES

16. (a) Estoppel Certificates.

Each of the parties shall, at any time and from time to time during the Term, upon not less than thirty (30) days prior notice by any other party or a Leasehold Mortgagee, execute and deliver to the other party a statement in writing certifying whether or not this Lease is in good standing, unmodified and in full force and effect, or where requested, that the particular terms thereof have been made or satisfied, as the case may be, or if there have been modification whether or not the same are in good standing, in full force and effect as modified, stating the modifications, the dates to which the Rent and other charges, if any, have been paid in advance, the defaults, if any, on the part of the party requesting such statement known to the party from whom such statement is requested and the action taken or proposed to be taken by such last-mentioned party with respect to the same; it being intended that any such statement delivered pursuant to this Article 16 may be relied upon by any prospective purchaser of the Landlord's estate, any mortgagee of the freehold, any assignee or Sublessee of the Tenant's leasehold estate or any Leasehold Mortgagee, as the case may be. This Article 16 is not intended to affect the rights under this Lease as between the Landlord and the Tenant.

APPROVALS, NOTICES ETC.

17. (a) Approvals.

Where by a provision of this Lease an approval, consent or agreement of a party (hereinafter called an "Approval") is required, unless the contrary is expressly provided in this Lease:

1. the party whose Approval is required will, within thirty (30) days or such other period of time specified in this Lease after receipt of a request for Approval which request shall contain reasonable detail, and which request shall include a statement incorporating the provisions of Section 17(b), give notice to the requesting party either that it gives its Approval, or that it withholds its Approval, setting forth in reasonable detail its reasons for withholding;
2. if the notification referred to in Section 17(b) is not given within the applicable period of time, the party whose Approval is requested will be deemed conclusively to have given its Approval in writing;
3. unless otherwise provided herein, an Approval may not be unreasonably withheld; and
4. where applicable, a dispute as to whether or not the Approval has been unreasonably withheld will be resolved by arbitration pursuant to Article 15.

17. (b) Notices.

Any notice herein provided for or given hereunder shall be in writing and shall be sufficiently given if mailed in Canada by prepaid registered mail, or delivered, in either case to the addresses as follows:

if to the Landlord:

City of Surrey
14245 - 56 Avenue
Surrey, British Columbia
V3X 3A2

Attention: City Clerk

with a copy to:

City of Surrey
Legal Services Division
14245 - 56 Avenue
Surrey, British Columbia
V3X 3A2

Attention: City Solicitor;

if to the Tenant:

Lark Recreational Properties Ltd.
Bldg. A, Unit 101
17802 - 66 Avenue
Surrey, British Columbia
V2Y 1K8

Attention: President

with a copy to the Tenant at the Premises;

or at such other addresses as the parties shall advise in writing from time to time in the manner aforesaid, and any notice so given shall be deemed to be received by the party to whom it is given, if delivered when delivered, and if mailed by prepaid registered post, other than during an actual or threatened postal disruption, on the fifth (5th) Business Day following the day of mailing.

EXPROPRIATION

18. (a) Expropriation.

If during the Term of this Lease title is taken to the whole or any part of the Premises by any competent authority under the power of eminent domain or by expropriation or by any other means and such taking in the reasonable opinion of the Landlord and the Tenant does not leave a sufficient remainder to constitute an economically viable area, then this Lease shall terminate in accordance with the applicable provisions of the applicable expropriation Laws once the compensation hereinafter referred to has been paid, and the parties shall be entitled to separately advance their claims for compensation for the loss of their respective interests and to receive and retain such compensation as may be awarded to each respectively. The Landlord shall not take expropriation proceedings with respect to the Premises or any part thereof during the Term.

CONDITIONS

19. (a) Conditions Subsequent.

The Landlord and the Tenant acknowledge and agree that notwithstanding that the Term of the Lease may have then commenced, this Lease will terminate if the following conditions are not waived or satisfied within the time stated:

1. that within thirty (30) days from the date of this Lease, the Tenant is satisfied:
 - a. with the result of its soils inspection conducted pursuant to Section 4(d) and
 - b. that electricity and gas service for the Ice Centre will be available from the suppliers of such services at a location acceptable to the Tenant;
2. that within sixty (60) days from the date of this Lease:
 - a. the Premises have been rezoned to a zoning classification that will permit construction of the Improvements and operation of the Ice Centre; and
 - b. the Landlord has obtained authority to enter into this Lease under Section 288 of the *Municipal Act*;
3. that within sixty (60) days from the date of this Lease the Landlord has approved:
 - a. the Site Plan prepared by the Tenant;
 - b. the Plans and Specifications prepared by the Tenant;
 - c. the specifications for the services to be provided by the City pursuant to Section 10(c);

- d. any changes to this Lease requested by such Leasehold Mortgagee pursuant to Section 7(g); and
 - e. a construction schedule for the development and construction of the Improvements (the "Construction Schedule"); and
4. that the following has been achieved at the sole cost and expense of the Tenant within sixty (60) days from the date of this Lease;
- a. the City has issued a building permit for the construction of all Improvements on the Premises;
 - b. the Tenant has delivered all bonds and insurance policies required under this Lease to the Landlord;
 - c. the Tenant has entered into a construction contract or contract to construct all Improvements and all ancillary services or facilities required in connection therewith with a contractor or contractors satisfactory to the Landlord; and
 - d. the Tenant has provided evidence satisfactory to the Landlord and that the Tenant has arranged all funds, both equity and loans, necessary to develop and construct the Improvements and that all requirements of the Tenant's Leasehold Mortgagee to fund the Tenant's construction loan have been satisfied.

The conditions set out in Sections 19(a)1.a and 19(a)1.b are for the sole benefit of the Tenant and may be waived by it, by written notice to the Landlord given to the Landlord on or before the date for satisfaction of such conditions. The conditions set out in Section 19(a)2 are for the benefit of both parties and may not be waived by either party. The conditions set out in Sections 19(a)3 and 19(a)4 are for the sole benefit of the Landlord. The Landlord may, by written notice to the Tenant, waive any one or more of the conditions referred to in Sections 19(a)3 and 19(a)4 in whole or in part.

19. (b) Notice of Satisfaction.

The Tenant agrees to give notice to the Landlord as soon as the conditions set out in Section 19(a)1.a have been satisfied or waived, setting forth the date of satisfaction or waiver. The Landlord agrees to give notice to the Tenant as soon as any condition set out in Sections 19(a)2, 19(a)3 or 19(a)4 have been satisfied or waived, setting forth the date of satisfaction or waiver.

19. (c) Notices by Fax.

Notwithstanding Section 17(b), notices of waiver or satisfaction of any of the conditions precedent pursuant to this Article 19 may be given by written fax, with receipt confirmed by telephone call, given to the following addresses and fax numbers:

to the Landlord: City of Surrey
 Legislative Services
 Attn: City Clerk
 Fax: (604) 591-8731
 Tel: (604) 591-4132

to the Tenant: Lark Recreational Properties Ltd.
 Attn: Project Manager
 Fax: (604) 576-2936
 Tel: (604) 576-2935

19. (d) Termination.

If this lease is terminated pursuant to Article 19, then notwithstanding anything to the contrary the Tenant at its sole expense shall demolish and remove any Improvements that may have been constructed by it, including all pilings and subsurface structures.

GENERAL

20. (a) Number and Gender.

All words contained in this Lease shall be read as the singular or the plural and as the masculine, feminine or neuter gender as may be applicable in the particular context, and shall result in the particular clause being given the most reasonable interpretation. Words importing Person shall also include a body politic or corporation.

20. (b) Headings, Index and Captions.

The headings to the paragraphs, the index and the captions contained in this Lease have been inserted as a matter of convenience and for reference and in no way define, limit or enlarge the scope or meaning of this Lease or any provisions hereof.

20. (c) Governing Law and Severability.

This Lease shall be construed and governed by the laws of the Province of British Columbia. All of the provisions of this Lease are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate paragraph hereof. Should any provisions of this Lease be illegal or not enforceable they shall be considered separate and several from the Lease and its remaining provisions shall remain in force and be binding upon the parties hereto as though the illegal or unenforceable provisions had never been included.

20. (d) Currency.

All reference to currency in this Lease shall mean a reference to lawful money of Canada.

20. (e) Entire Agreement.

This Lease and any other agreements specifically referred to herein constitute the entire agreement among the parties pertaining to the Lease of the Premises to the Tenant and supersede all prior agreements, understanding, negotiations and discussions, whether oral or written, between the parties.

20. (f) Force Majeure.

Notwithstanding anything to the contrary in this Lease if either party shall be bona fide delayed or hindered in or prevented from the performance or observance of any work, term, covenant or act required by this Lease by reason of strikes, labour troubles, inability to procure materials or services, failure of power, restrictive governmental laws or regulations, riots, insurrection, sabotage, rebellion, war, act of God, legal or administrative tribunal proceedings commenced by third parties, or other reason of *force majeure*, then performance of such work term, covenant or act shall be excused for the period of the delay and the period for the performance of any such work term, covenant or act shall be extended for a period equivalent to the period of such delay including reasonable extensions arising as a result of seasonal conditions resulting from such delays. The provisions of this Section 20(f) shall not operate to excuse the Tenant from the prompt payment of Rent or any other payments required by the terms of this Lease.

20. (g) Amendments.

No supplement, modification, amendment, waiver or termination of this Lease shall be binding unless executed in writing by the Landlord and the Tenant or if applicable by the terms of this Lease, any Leasehold Mortgagee.

20. (h) Non-Waiver.

No waiver of any of the provisions of this Lease shall be deemed to be or shall constitute a waiver of any other provision (whether or not similar) nor shall any waiver constitute a continuing waiver unless otherwise provided.

20. (i) Calculations.

Except as otherwise provided in this Lease, all calculations required or permitted shall be made on the basis of generally accepted accounting principles and practices applied on a consistent basis.

20. (j) Time of Essence.

Time shall be of the essence of this Lease.

20. (k) Relationship of Parties.

This Lease shall not be deemed to create any relationship between the parties other than that of landlord and tenant as to the Premises. For greater certainty, the parties agree that they are not partners or joint venturers and that the Tenant is not the agent or representative of the Landlord and has no authority to bind the Landlord, and that nothing herein shall derogate from the duties and powers of the City as a municipality.

20. (l) Continuation of Certain Obligations.

Wherever specifically provided for in this Lease or if it is necessary for the full implementation of any provision of this Lease, the obligations of a party shall survive the expiration of the Term or the earlier termination of this Lease.

20. (m) No Voluntary Surrender.

The Tenant shall not have the right to surrender this Lease without the prior written consent of the Landlord and, if applicable by the terms of this Lease, any Leasehold Mortgagee.

20. (n) Registration of Lease.

The Landlord and the Tenant shall execute and deliver this Lease in a form suitable for registration in the appropriate Land Title Office, provided that the Landlord shall pay all costs of obtaining necessary plans of the Premises in form acceptable for such registration and the Tenant shall pay all costs of registering this Lease in the appropriate Land Title Office.

20. (o) Further Assurances.

Each party agrees to make such further assurances as may be reasonably required from time to time by any other party to more fully implement the true intent and effective function of this Lease.

20. (p) Statutory Right-of-Way.

The Landlord hereby reserves the right to grant other dispositions of the Premises, excluding areas occupied by the structure of the Ice Centre but for greater certainty including all exterior areas, parking areas and access roads, by way of statutory right-of-way for purposes necessary for the installation, operation and maintenance of the City's undertaking, such as, by way of example only, water lines or storm or sanitary drainage, provided any such statutory right-of-way shall not materially adversely affect the operation of the Ice Centre. The Tenant agrees that a grant made under this Section

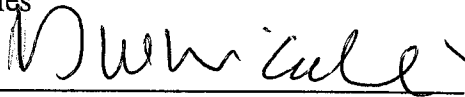
20(f) shall not constitute a breach of the Landlord's covenant for quiet enjoyment, and the Tenant hereby consents to any such grant and will forthwith execute and deliver and cause any Leasehold Mortgagee to execute and deliver to the Landlord such instruments as may be necessary to subordinate the Tenant's right and interest in the Premises under this Lease to any such grant.

20. (q) Successors and Assigns.

All of the provisions of this Lease shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.

IN WITNESS WHEREOF the Landlord and Tenant have executed this Lease as of the date or dates shown on part 1 of the Land Title Act Form C General Instrument to which these Terms of Instrument are attached as Part 2.

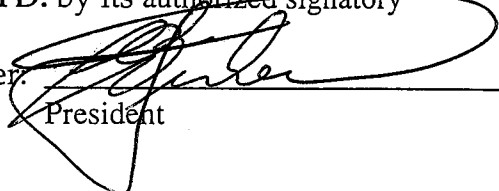
CITY OF SURREY by its authorized signatories)

Per: )
Mayor, D.W. McCallum)

C/S

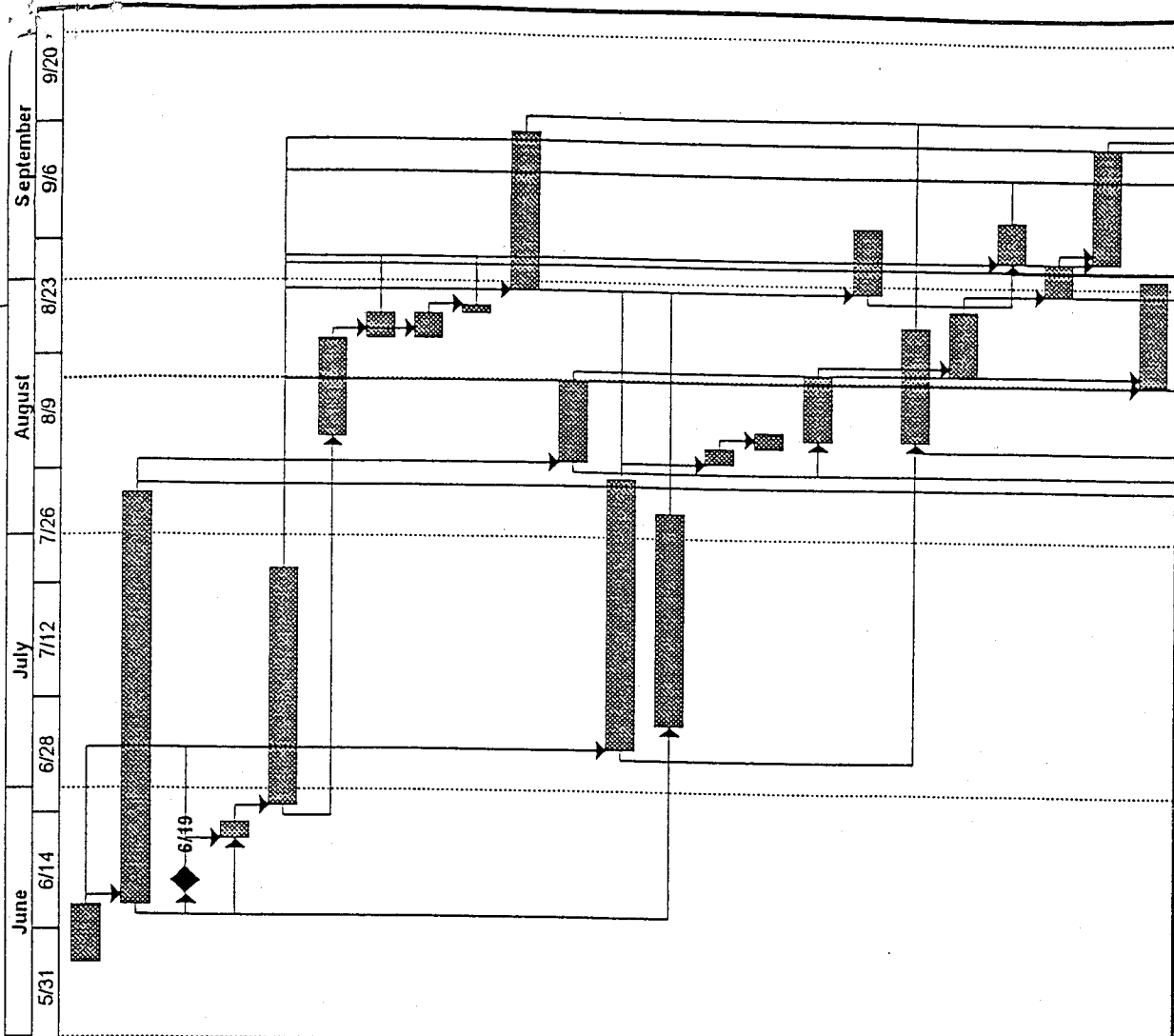
Per: )
Clerk, Donna B. Kenny)

LARK RECREATIONAL PROPERTIES LTD. by its authorized signatory)

Per: )
President)

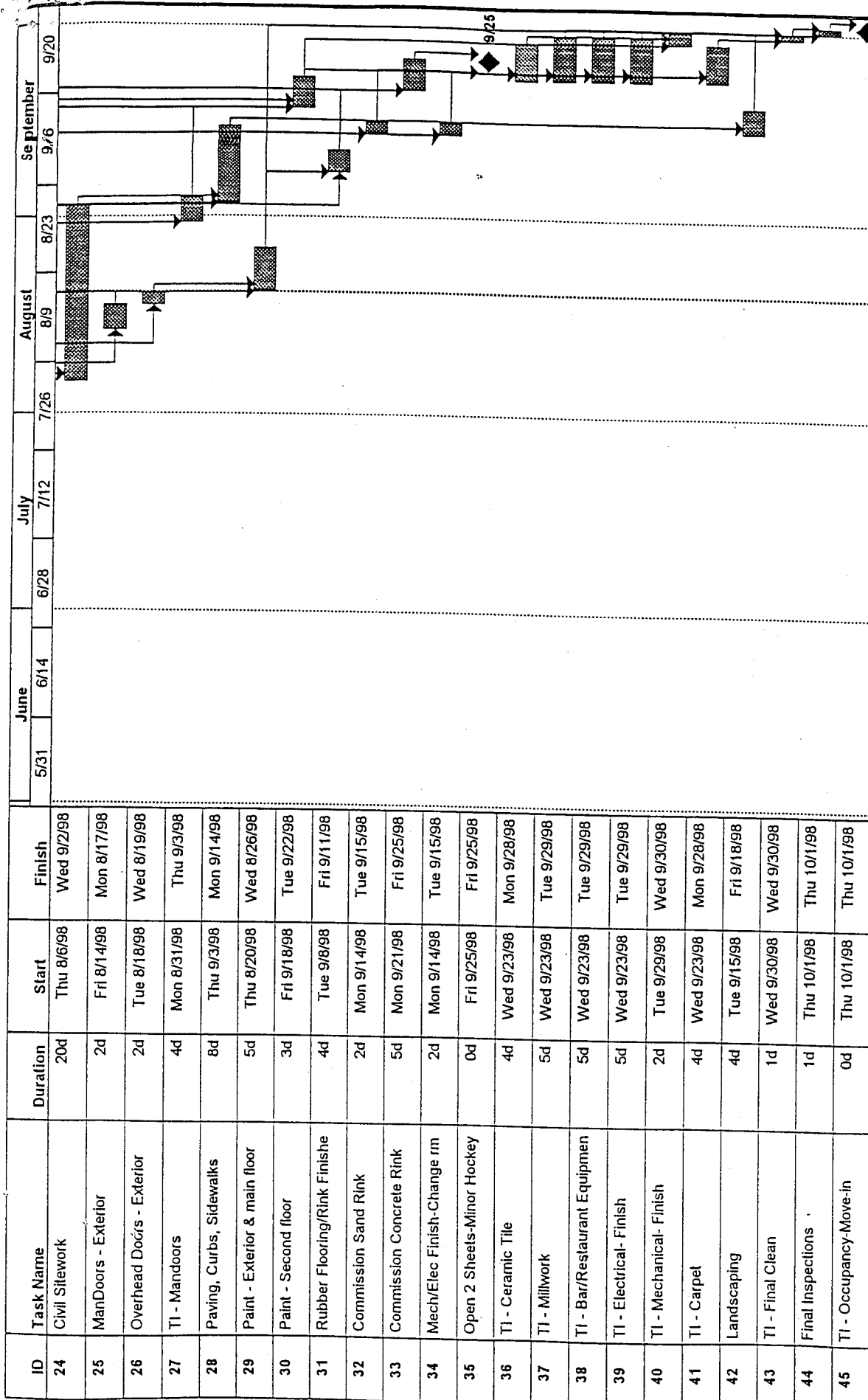
C/S

367/4.1



ID	Task Name	Duration	Start	Finish
1	Mobilize/Prep Site/Survey	5d	Wed 6/10/98	Tue 6/16/98
2	Concrete- Foundations	36d	Wed 6/17/98	Wed 8/5/98
3	FOUNDATION PERMIT	0d	Fri 6/19/98	Fri 6/19/98
4	Level Slab for Stress Skin	2d	Thu 6/25/98	Fri 6/26/98
5	Stress skin bldg installation	21d	Mon 6/29/98	Mon 7/27/98
6	U/S Heat / Insul / Refridge	8d	Thu 8/13/98	Mon 8/24/98
7	Prepare Sand Rink Floor	3d	Tue 8/25/98	Thu 8/27/98
8	Prepare Concrete Rink S O G	3d	Tue 8/25/98	Thu 8/27/98
9	Concrete - S O G Rink	1d	Fri 8/28/98	Fri 8/28/98
10	Cure Concrete Rink Only	15d	Mon 8/31/98	Fri 9/18/98
11	Block work	8d	Mon 8/10/98	Wed 8/19/98
12	U/Slab Mechanical	25d	Mon 7/6/98	Fri 8/7/98
13	U/Slab Electrical	18d	Thu 7/9/98	Mon 8/3/98
14	Prepare office S O G	2d	Mon 8/10/98	Tue 8/11/98
15	SOG office	2d	Wed 8/12/98	Thu 8/13/98
16	Mezzanine Construction	6d	Thu 8/13/98	Thu 8/20/98
17	Boards & Glass	6d	Mon 8/31/98	Mon 9/7/98
18	Refridgeration-above slab	10d	Thu 8/13/98	Wed 8/26/98
19	Steel Stud	6d	Fri 8/21/98	Fri 8/28/98
20	Players Benches & Equip	3d	Fri 9/4/98	Tue 9/8/98
21	TI - Elect/Mech- Rough-in	4d	Mon 8/31/98	Thu 9/3/98
22	TI - Drywall	10d	Fri 9/4/98	Thu 9/17/98
23	Storefront Glazing	9d	Thu 8/20/98	Tue 9/1/98

Project: NTR SURREY #1
Date: Thu 8/20/98



Project: NTR SURREY #1
Date: Thu 8/20/98

Task: [Hatched Bar]

Progress: [Solid Bar]

Milestone: [Diamond]

Summary: [Thick Solid Bar]

Rolled Up Task: [Hatched Bar]

Rolled Up Milestone: [Diamond]

Rolled Up Progress: [Thick Solid Bar]