

LEASE

THIS LEASE made in duplicate as of this 8 day of December 2011.

BETWEEN: THE CORPORATION OF THE DISTRICT OF SAANICH
770 Vernon Avenue
Victoria, B.C. V8X 2W7

(hereinafter called the "Landlord")

OF THE FIRST PART

**AND: HER MAJESTY THE QUEEN IN HER RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA as represented by
The Minister of Labour, Citizens' Services and Open Government
PO Box 9412 Stn Prov Govt,
Victoria, B.C. V8W-9V1**

(hereinafter called the "Tenant")

OF THE SECOND PART

In consideration of the covenants, agreements and conditions herein contained, the parties agree as follows:

SECTION 1 - DEMISE

The Landlord does hereby demise and lease to the Tenant the lands and premises known and described as:

Lot 23, Section 56, Victoria District, Plan 18261, EXCEPT that part thereof included within the boundaries of Plan 29249, and situated at 3987 Shelbourne Street, in the City of Victoria, British Columbia.

SECTION 2 - TERM

To have and to hold the premises for and during the term of five (5) years to be computed from the 1st day of December, 2011, such term to be fully completed at 12:00 P.M. on the 30th day of November, 2016, subject always to the conditions herein set forth.

Provided the Tenant has not violated any provision of the Lease, the Landlord shall give earnest consideration to granting the application for renewal.

SECTION 2.1 - EARLY TERMINATION

Notwithstanding Section 2, the Landlord or the Tenant may terminate this Lease for any reason and at any time during the term hereof by giving to the party twelve (12) months written notice of termination. In the event of early termination, the annual rent and annual property taxes payable by the Tenant shall be adjusted to reflect the part of the year that the Tenant occupies the premises.

SECTION 3 - RENT

The Tenant covenants and agrees to pay to the Landlord in lawful money of Canada a clear annual rental of _____ S 17 _____ payable at the rate of _____ S 17 _____ on the first day of each month, in advance, during the term hereof, commencing on the 1st day of December, 2011.

SECTION 4 - TAXES

The Tenant shall be responsible for the payment of all real property taxes, local improvement charges and any other Federal, Provincial or Municipal charges, levies or duties assessed against the lands and premises.

SECTION 5 - QUIET ENJOYMENT

The Landlord covenants with the Tenant for quiet enjoyment.

SECTION 6 - REPAIRS AND MAINTENANCE

All maintenance, repair, replacement and upgrades to the building and all systems within the building are the sole responsibility of the Tenant. The Tenant covenants that it will keep the said property in a neat, clean and tidy condition during the term of the Lease and will return the property to the Landlord at the end of the Lease in good repair.

SECTION 7 - REPAIR IN THE EVENT OF SEVERE DAMAGE

If the premises are damaged by fire or any other cause such that the premises are rendered untenable or convenient access is prevented, then if such damage is capable of repair within 90 calendar days, the Landlord shall, within 30 calendar days of the occurrence of the original damage, initiate that repair and forthwith allow an abatement of rent which recognizes the nature and extent of the damage, until such time as the premises have been rebuilt or access restored.

If the Landlord does not initiate the restoration of the premises or access within the said 30 calendar days or having commenced the restoration does not proceed to complete it with reasonable dispatch, then the Tenant may give the Landlord 14 calendar days notice and thereafter may terminate this Lease forthwith. If the damage is such as to preclude the re-occupation of the premises by the Tenant for a period in excess of 90 calendar days, either party may, within 30 calendar days of the occurrence of the original damage, serve notice upon the other of immediate termination of this Lease.

The Landlord reserves the right not to repair or rebuild if in the opinion of the Landlord the costs exceed the economic value or utility of the structure.

SECTION 8 - ALTERATIONS

The Tenant shall have the right to make such alterations to the premises as may be necessary for the conduct of its business PROVIDED HOWEVER that the Tenant shall make no structural alterations without the written consent of the Landlord which shall not be unreasonably withheld.

The Tenant will obtain all necessary permits and will comply with all Municipal by-laws and legal requirements pertaining to the alteration of the premises and the conduct of the work.

SECTION 9 - FIXTURES

The Tenant shall have the right to install, attach, affix or otherwise place in or upon the premises any and all fixtures, furnishings and equipment deemed by it to be necessary and proper use of the premises.

And the Tenant shall have the unqualified and unrestricted right to remove any or all of the said fixtures, furnishings and equipment at any time and from time to time during the term of or upon termination of this Lease or any renewal thereof whether or not the same shall be deemed to be affixed to the realty; PROVIDED HOWEVER that the Tenant shall without cost to the Landlord restore said premises to the same condition in which they were prior to the installation, attachment or placement of said fixtures, furnishings and equipment, ordinary wear and tear and damage by Act of God excepted.

SECTION 10 – USE

The Tenant covenants that it will use the premises for no use other than a use permitted under the Zoning By-law of The Corporation of the District of Saanich applicable thereto.

SECTION 11 – INSURANCE

The Tenant shall, during the term of the Agreement, at its sole cost and expense, obtain and keep in force the following insurance:

- (a) Commercial General Liability insurance on an occurrence form, including a minimum inclusive limit of \$2,000,000 for bodily and personal injury, tenant's broad form legal liability, host liquor legal liability, contractual liability, cross liability, employees as additional insureds, non-owned automobile, and owner' and contractors' protective coverage.
- (b) All policies noted in Section 11 (a) must:
 - (i) include the Landlord, its officers, officials, employees, agents, representatives and volunteers as additional insureds; but only with respect to vicarious liability arising out of the operations of the Tenant.
 - (ii) be placed with one or more insurer(s) licensed to do business in the Province of British Columbia; and
 - (iii) contain thirty (30) days written notice of cancellation or reduction of coverage in favour of the Landlord, to be delivered by registered mail to the attention of the Risk Manager, at the Landlord's business address.

The Tenant further agrees:

- (a) to provide to the Landlord proof of the insurance policies noted in Section 11 upon placement and annually thereafter on renewal of the policies or otherwise upon demand by the Landlord, by way of certificate of insurance;
- (b) its contents are not insured under any policies carried by the Landlord;

- (c) the Landlord is under no obligation to verify that the Tenant's insurance coverages are adequate; and
- (d) it shall be responsible for any deductibles or reimbursement clauses within the policies of insurance indicated in Section 11 (a).
- (e) Notwithstanding the foregoing, so long as the Tenant is HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA AS REPRESENTED BY THE MINISTER OF LABOUR, CITIZENS' SERVICES and OPEN GOVERNMENT, the Tenant shall be entitled to self-insure with respect to insurance required under this Section and shall be deemed, for the purposes of this Lease, to have satisfactorily taken out such insurance.

SECTION 12 – INDEMNITY

The Tenant will indemnify and hold harmless the Landlord and its officers, employees, officials, agents, contractors and volunteers from any claim, lawsuit, liability, debt, demand, loss or judgment (including costs, defence expense and interest) whatsoever and howsoever arising either directly or indirectly as a result of the Tenant's use or occupation of the premises. The Landlord shall forthwith, upon receiving notice of any suit brought against it, deliver to the Tenant full particulars thereof and the Landlord shall render all reasonable assistance requested by the Tenant in the defence thereof.

SECTION 13 – LIABILITY

If the demised premises are damaged by any risk insured against by the Landlord and if such damage was in whole or in part caused by the negligence of the Tenant, its agents, employees, permittees, invitees or independent contractors, then the tenant shall indemnify the Landlord for any deductible portion of the Landlord's insurance policy expended by the Landlord and whether or not the Landlord rebuilds or repairs such damage.

SECTION 14 - SUBLETTING

The Tenant shall not sublet or assign nor transfer its interest in this Lease without securing the written consent in advance from the Landlord.

SECTION 15 - UTILITIES

The Tenant shall provide and be responsible for the costs of all utilities including but not limited to fuel, water, electricity and gas, janitorial supplies and services, maintenance and repair of heating, ventilation and air conditioning equipment, maintenance of grounds, window cleaning both interior and exterior, lamp tube and ballast replacement.

SECTION 16 - HOLDING OVER

The term herein granted shall expire by effluxion of time without notice from either party to the other provided always that in the event that the Tenant shall continue to occupy the premises after the expiration of the term with or without the consent of the Landlord, and if the Landlord shall accept rent without any further written agreement, the tenancy shall be a monthly tenancy at the rent herein mentioned and on the terms and conditions herein set out except as to the length of tenancy.

SECTION 17 - WAIVER

No waiver of a breach of any of the covenants of this Lease shall be construed to be a waiver of any succeeding breach of the same or any other covenant.

SECTION 18 - RE-ENTRY

If the rent reserved by this Lease or any part thereof shall be in default 15 days after payment is due and if such default shall continue for 30 days after written notice thereof by the Landlord to the Tenant, it shall be lawful for the Landlord to terminate this Lease by 30 days notice and the term hereof granted shall upon the service of such notice immediately cease, determine and come to and end, and the Landlord may re-enter the demised premises.

If default shall be made by the Tenant in the observance or performance of the conditions or covenants of this Lease and the default is allowed to continue for 30 days after written notice thereof by the Landlord to the Tenant, the Landlord in addition to all other remedies now or thereafter afforded or provided by law, may determine this lease and re-enter the premises.

SECTION 19 - NOTICE

All notices under any clause, covenant, term or condition of this Lease required to be given, may be given to the Tenant by mailing the same in a postage prepaid registered letter addressed to the Tenant as follows:

Leasing Department
Real Estate Management
Integrated Workplace Solutions
Shared Services B.C.
Ministry of Labour, Citizens' Services and Open Government,
PO Box 9412 Stn Prov Govt,
Victoria, B.C. V8W-9V1

and any notice may be given to the Landlord by mailing it in a postage prepaid registered letter addressed as follows:

The Municipal Clerk
THE CORPORATION OF THE DISTRICT OF SAANICH
770 Vernon Avenue
Victoria, B.C. V8X 2W7

SECTION 20 - ENTIRE AGREEMENT

No other stipulation, agreement or undertaking, oral or otherwise, of the parties or of their agents shall be valid or enforceable unless made in writing, initialled by both parties and incorporated by reference into this Lease.

SECTION 21 - INTERPRETATION

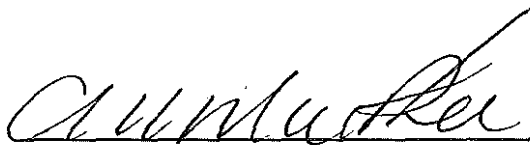
Wherever the singular, masculine or neuter is used in this Lease that gender shall be deemed to include the plural or the feminine or body politic or corporate and the respective heirs, executors, administrators, successors and permitted assigns of the parties hereto and each of them where the context or the parties so require.

SECTION 22 - SUCCESSORS

This Lease shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and permitted assigns as the case may be.

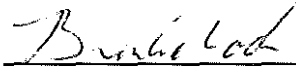
IN WITNESS WHEREOF the parties hereto have caused these presents to be executed the day and year first above written.

**THE CORPORATION OF THE DISTRICT
OF SAANICH** by its authorized signatory



Carolyn M. MacPhee
Director Legislative Services

**HER MAJESTY THE QUEEN IN HER
RIGHT OF THE PROVINCE OF BRITISH
COLUMBIA, as represented by The
Minister of Labour, Citizens Services
And Open Government**
by its authorized signatory(ies)



(print name & title below)

(print name & title below)

This lease contract dated for reference the 22nd day of March, 2011

Pursuant to the "land transfer form act, part 2"

BETWEEN:

3179 Jacklin Holdings Ltd.
103 – 3179 Jacklin Road
Victoria, B.C. V9B 3Y7

(Hereinafter called the "Landlord")

AND:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, as represented by the Minister of Labour, Citizens' Services & Open Government

Located at
PO Box 9412, Stn Prov Govt
W311 – 4000 Seymour Place
Victoria, BC
V8W 9V1

(Hereinafter called the "Tenant")

Witness that in consideration of the rents, covenants, conditions and agreements hereinafter reserved and contained on the part of the Tenant to be paid, observed and performed, the Landlord has demised and leased and by these presents does demise and lease unto the Tenant and Demised Premises as hereinafter described all on the terms, conditions and covenants as hereinafter set forth. Certain definitions of terms used in this lease appear in clause 27.01 and following.

DEMISED PREMISES

1.01 The Demised Premises when referred to in this lease shall mean part of the Building located on Lands in the Province of British Columbia legally described as Lot 29 Plan 35267 Sec. 76, Esquimalt Land District, and referred to municipally as unit **101** 3179 Jacklin Road Victoria BC and comprising **2109** rentable square feet, shown outlined in green on the plan attached.

TERM

1.02 To have and to hold the Demised Premises for and during the Term of **two (2)** years commencing on the first day of April , 2011, and



RENT

Year 1 -2				
<u>Optional 3- 1 year options</u>				S 17

3.05 Set-Off: Without restricting any right of set-off given or implied by law, the Tenant may set-off against the Rent or against any other sums payable hereunder to the Landlord, any amount payable by the Landlord to the Tenant hereunder, and, without restricting the generality of the foregoing, the Tenant may, when making payment

of Rent or of any other sum, withhold an amount which is equal to any amount which is then payable to the Tenant by the Landlord under this Lease or which, by virtue of the right of set-off, may be retained by the Tenant.

- 3.06** The Tenant will pay to the Landlord duly and punctually all rent and additional rent (which shall be collectively referred to as "rent" for the purpose of this Lease) shall be without any deduction, abatement or set-off except as provided in this Lease, it being the intention of the Landlord and the Tenant that this Lease is to be a net lease to the Landlord in accordance with the terms of the Lease.

USE OF DEMISED PREMISES

- 4.01** The Tenant shall use the Demised Premises for the purposes of the Emergency Health Services Commission, or of the successor to the Emergency Health Services Commission, or of an entity that assumes responsibility for the operations currently carried out by the Emergency Health Services Commission.

COVENANTS OF TENANT

The Tenant covenants and agrees with the landlord:

- 5.01** To pay rent
- 5.02** The tenant shall pay all rates and charges for electricity, light and/or power, natural gas, HVAC, telephone and cablevision supplied to or used in the Demised Premises
- 5.03** The Tenant shall pay all business or other taxes from time to time levied in respect of the Tenants machinery and equipment including penalties for late payment thereof, and the Tenant shall produce to the Landlord from time to time at the request of the landlord, due payments required to be made by the Tenant under this lease.
- 5.04** Subject to clause 10, to well and sufficiently repair, maintain, amend and keep the Demised Premises with the equipment, systems, and all fixtures in good and substantial repair when, where, and so often as need be; reasonable wear and tear. The cost of any repair or replacement required to be made in or to any part of the building directly as a result of any act or omission of the Tenant, its agents, employees or servants will be paid fully by the tenant.



- 5.05** Providing 24 hour's written notice to the Tenant, the Landlord may enter and view the state of repair in the presence of the Tenant and that the Tenant will repair according to notice save as aforesaid
- 5.06** That the Tenant will leave the Demised Premises in good repair save as foresaid.
- 5.07** That the Tenant shall immediately before the expiration or sooner determination of the said Lease, wash the floor, windows, doors, walls, woodwork of the Demised Premises. The Tenant shall remove all signage from the fascia of the building, and repair and repaint the fascia to the condition it was at the commencement of the Lease. The Tenant shall be responsible for the payment of all costs associated with the removal of the Tenant's signage from any lighted sign located on the building. The Tenant further covenants that the Tenant will not, upon such expiration or sooner determination, leave upon the Demised Premises any rubbish or waste material and will leave the Demised Premises in a clean and tidy condition.
- 5.08** The Tenant shall pay the cost of replacement of any glass broken by the Tenant, its servants, employees or agents on the Demised Premises..
- 5.09** Not to do, suffer or permit any act or neglect which may in any manner directly or indirectly cause injury to the Demised Premises or to the Building of which the Demised Premises form a part, or to any fixtures or appurtenances thereof, or which may be or become a nuisance or interfere with the comfort of any of the occupants of the building, or which may in the opinion of the Landlord render the building or any part thereof less desirable or injure the reputation thereof.
- 5.10** Not to exhibit any signs of any nature on the exterior walls, doors or windows or to any part of the Building without the prior written approval of the Landlord. The Tenant shall pay as additional rent, its proportionate share of the cost of any common signage for the Building, which, without limiting the generality of the foregoing, shall include the proportionate share of leasing and maintaining any sign board. Tenant signage on the front fascia of the Building will be located within the sign "band" of the Building and in accordance with the existing signage, in a lettering product as specified by the landlord. The Tenant shall obtain municipal approval and permits for any signage installed.

- 5.11** The Tenant shall not do or permit to be done any act or thing which may render void or voidable or conflict with the requirements of any policy or policies of insurance of insurance in respect of the Building or any part thereof, including any regulations, including any regulations of fire insurance underwriters applicable to such policy or policies, whereby the Demised Premises or the Building are insured or which may cause any increase in premium to be paid in respect of any such policy. In the event that any such policy or policies is or are cancelled by reason of any act or omission of the Tenant, and in the event that the premium to be paid in respect of any such policy is increased by any act or omission of the Tenant, the Tenant shall pay to the Landlord or other person whose policy has been affected, the amount by which the premium shall so be increased.
- 5.12** The Tenant may assign at any time, in its discretion, and without the consent of the Landlord, but upon reasonable prior written notice, this lease contract to the Emergency Health Services Commission or to any government, public sector or Crown entity, body or authority of the Province of British Columbia that is a successor to the Emergency Health Services Commission or that assumes responsibility for the operations currently carried out by the Emergency Health Services Commission, provided that any such entity must first enter into any agreement with the Landlord indicating that it will assume the responsibilities of the Tenant hereunder. The Tenant shall not assign or sublet or otherwise part with possession of the Demised Premises or any part thereof without the prior consent in writing of the Landlord, which consent shall not be unreasonably withheld, provided that the tenant shall, at the time the Tenant shall request the consent of the Landlord, deliver to the Landlord such information in writing as the Landlord may reasonably require respecting the proposed assignee or subtenant including the name, address, nature of business, financial responsibility and standing of such proposed assignee or subtenant.
- 5.13** In no event shall any assignment or subletting, to which the landlord may have consented, release or relieve the Tenant from his obligations fully to perform all the terms, covenants and conditions of this lease on his part to be performed and in any event the Tenant shall be liable for the Landlord's reasonable costs incurred in connection with the Tenant's request for consent.



- 5.14** To keep the Demised Premises free of rubbish and debris at all times and to provide proper and sufficient receptacles for waste, provided that no garbage storage units shall be permitted within the parking or loading area, other than those areas specified at the rear of the property.
- 5.15** The Tenant shall comply promptly, at its expense, with all laws, ordinance, regulations, requirements and recommendations, which may be applicable to the Tenant or to the manner of use of the Demised Premises, made by any and all federal, provincial, civil, municipal and other authorities or association of insurance underwriters or agents, and all notices in pursuance of same and whether served upon the landlord alone, only if notice thereof is given to the tenant.
- 5.16** The tenant shall, at its expense, provide and maintain in force during the Term of this Lease public liability insurance in such reasonable amounts as may be required by the Landlord in respect of injury or death to one or more persons or property damage, but in no case, shall the face amount be less than Five Million Dollars (\$5,000,000.00). The Tenant's insurance shall name the Landlord as an additional insured.
- 5.17** The insurer not to cancel or change the insurance without first giving the Landlord thirty (30) days prior written notice thereof.
- 5.18** The Tenant shall provide and maintain on its own behalf and at its own expense, insurance in respect of fire and extended coverage in relation to the Tenant's personal property and all business and trade fixtures, machinery and equipment, cabinet work, furniture and moveable partitions owned or installed by the Tenant in the Demised Premises and lawfully removable by them upon the expiration of the Term herein, And the policy shall contain a waiver of subrogation clause in favour of the Landlord.
- 5.19(a)** Notwithstanding anything contained in this section, the Landlord acknowledges that the Tenant is self-insured and that as long as Her Majesty the Queen in Right of the Province of British Columbia, as represented by the Minister of Labour, Citizens' Services and Open Government is the Tenant, the Tenant is deemed to be in compliance with the provisions of these insurance requirements.
- 5.19** From time to time, to immediately advise the Landlord of the presence of any dangerous condition existing on the Demised Premises or in or around the Building, and of any damage thereto



of any part thereof, including the mechanical and electrical systems thereon, and to remove such condition and repair such damage which arises as a result of an act or omission of the Tenant, its agents or servants.

5.20 The Tenant shall indemnify and save harmless the Landlord from all liabilities, damages, costs, claims, suits or actions growing out of:

- (a) any breach, violation or non-performance of any covenant, condition or agreement in this Lease set forth and contained on the part of the Tenant to be fulfilled, kept, observed or performed;
- (b) any damage to property while said property shall be in or about the Demised Premises; and
- (c) any injury to the licensee, invitee, agent or employee or the Tenant, including death resulting at any time there from occurring in or about the Demised Premises and/or on the lands and premises, except where caused by the negligence of the Landlord or its servants, and this indemnity shall survive the expiry or sooner determination of this Lease.

5.21 The Tenant will examine the Demised Premises and the Building before taking possession hereunder and such taking of possession will, in the absence of agreement in writing to the contrary, be conclusive evidence against the tenant that at the time Thereof the Demised Premises and the Building were in good order and satisfactory condition. No promise of the Landlord to alter, remodel or improve the demised premises or the building and no representation respecting the condition of the Demised Premises or the Building having made by the Landlord.

5.22 The Tenant shall, at the expiration or sooner determined the Term or renewal thereof, peaceably surrender and yield up onto the Landlord the Demised Premises with the appurtenances, together with all fixtures or erections which at any time at the said Term shall be made therein or thereon, in good and substantial repair and condition, and deliver to the Landlord all keys to the Demised Premises which the Tenant has in its possessions.

5.23 The Tenant will pay all wages to its employees as and when the same shall become due, and all levies, assessments and taxes in respect in such employees and will not permit any lien, claim or judgment in respect thereof or otherwise to be lodged, filed or



registered against the interest of the Landlord or the Tenant in the lands and premises.

- 5.24** The Tenant shall not permit vehicles exceeding a gross weight of five (5) ton to be parked in the parking or of the rear of the building. No commercial or industrial display will be allowed in any parking area or common areas of the Building.

MISCELLANEOUS COVENANTS OF THE LANDLORD

The Landlord covenants with the Tenant:

- 6.01** That provided the Tenant pays the rent hereby reserves and performs the covenants herein on its part contained, it may peaceably posses and enjoy the Demised Premises for the Term hereby granted without any interruption or disturbance from the Landlord or any other person or persons, lawfully claiming by, from or under it, and provided it is hereby agreed that in no event will the diligent conduct of repairs or renovations by the Landlord to the exterior or interior of the Demised Premises or the Building (or construction work in or upon the Building or the Demised Premises in the event the Tenant takes possession of the Demised Premises prior to the completion of construction of the building) constitute a breach of this covenant for quiet enjoyment.
- 6.02** To maintain all of the common areas of the building thereon in a clean and tidy condition, with adequate lighting thereof.
- 6.03** To keep in good repair and condition the foundations, outer walls, roof, spouts and gutters and common areas of the building, and the heating, plumbing, sewage and electrical systems except to the extent that same are located in the Demised Premises or in areas occupied by other lessors of space in the building.
- 6.04** To keep the Building insured against loss or damage by fire or other such standard perils and to maintain such public liability insurance as is and will be reasonable in the circumstances from time to time existing. Without limiting its obligations or liabilities and at its own expense, to provide and maintain:
- a) all risks property insurance on the building in an amount not less than the full replacement cost of the building together with boiler and machinery insurance and each and every policy will provide a waiver of the insurers right of subrogation against the

Tenant.

b) Commercial General Liability in an amount not less than \$3 million inclusive per occurrence insuring against bodily injury, property damage and liability assumed under contract.

- 6.05** To pay or cause to be paid the taxes, except those directly assessed or charges to or payable by the Tenant, or assessed or charged with reference to the occupation of the Demised Premises and except as herein otherwise provided.
- 6.06** To grant the Tenant right-of-way in common with all other persons authorized by the Landlord over the common areas (front and rear parking lots, electrical), provided the Landlord may add to the Building and other improvements of the Premises or vary the same without the consent of the Tenant, and provided that the Tenant has reasonable ingress and egress to the premises.
- 6.07** The Landlord hereby grants to the Tenant for the period of the Term hereof and any renewals the right and license for itself, its employees, customers, and authorized persons to utilize the parking, loading and circulation areas at the Building in cooperation with the other Tenants. **The Landlord grants to the Tenant a license to use four (4) parking stalls, the cost of which is included in the Tenant's rent.**

ALLTERATIONS AND INSTALLATIONS

- 7.01** The Tenant shall not, without the prior consent of the Landlord, which consent shall not be unreasonably withheld, make any alterations, repairs or improvements to the Demised Premises. The Tenant shall submit to the Landlord detailed plans and specifications of any such work or installation when applying for consent, and the landlord reserves the right to recover from the Tenant the costs of having the architects examine such plans and specifications and all work to be done or materials to be supplied hereunder shall be at the sole cost and expense of the Tenant. Any connection to an existing base receptacle or any connection of apparatus to a mechanical system shall be deemed to be an alteration within the meaning of this clause. If the Landlord has not responded to any such request from the Tenant within TEN (10) days of receipt of such request, the Landlord will be deemed to have consented to the request.

7.02

the Tenant may, at or prior to the commencement of the Term of this Lease, if the Demised Premises are then vacant and available for occupation by the Tenant, and at any time and from time to time during the term, and its expense, paint and decorate the interior of the Demised Premises and appurtenances thereof and make such changes, alterations or improvements to, and may paint and decorate the interior of the Demised Premises as will, in the judgment of the Tenant better adapt the same for the purpose of its business provided that:

- (a) all changes, alterations, additions or improvements will require the written consent of the Landlord;
- (b) all the Tenants initial partitioning work will be done in accordance with plans and specifications approved by the landlord, such approval not to be unreasonably withheld, and in accordance with such conditions and regulations as may be adopted from time to time by the Landlord with respect to such partitioning work;
- (c) the Tenant may, prior to the delivery of possession, install fixtures and other equipment in the Demised Premises and it is agreed by the Tenant that the Landlord has no responsibility, risk or liability whatsoever for any loss or damage to any fixtures or other equipment so installed or left on the demised Premises by the Tenant; and
- (d) all changes, alterations, additions and improvements will comply with all statutes, regulations or bylaws of any municipal, provincial, federal or other authority, including an association of insurance underwriters or agents.

7.03

the tenant shall not suffer or permit any Builders Lien to be filed against the interest of the landlord or the tenant in the Lands and Premises or the Demised Premises by reason of work, labor, services or material supplied or claimed to have been supplied to the Tenant, and if any such Builders Lien shall at any time be filed against the Lands and Premises or Demised Premises, whatsoever, the Tenant shall cause the same to be discharged of record within thirty (30) days of the date the Tenant has knowledge of such filing, and upon failure to do so by the Tenant, then the Landlord, in addition to any right or remedy, may, but shall not be obliged to, discharge the same by paying the amount claimed to be due or by procuring a discharge of such liens by deposit in Court, and in any such event the Landlord shall be entitled, if it so elects, to expedite the prosecution of any action for the enforcement of such lien by the lien claimant and to pay the amount of the

judgment, if any, in favor of the lien claimant with interest cost and allowance, provided however, that the Tenant shall not be required to pay or discharge any such Builders Lien so long as the tenant shall in good faith proceed to contest the same by appropriate proceedings, after first having given notice in writing to the landlord of its intention to do so contest the validity of the Lien claim, and after furnishing a surety bond of a company satisfactory to the Landlord in an amount sufficient to pay such contested Lien claim with all interest thereon and Court costs and expenses including reasonable solicitors fees which may at such time be allowable by law, which might be incurred in connection therewith.

- 7.04** All partitions in any way affixed to the Demised Premises, all articles of personal property and all business and trade fixtures, machinery and equipment, cabinet work, furniture, moveable partitions installed by the Landlord in the Demised Premises pursuant to article 7.02, shall remain the property of the Landlord and may not be removed by the Tenant at anytime whatsoever.

SUBORDINATION

- 8.01** the Lease shall, at the request of the Landlord, be made subject and subordinate to all mortgages, which now or hereafter during the said Term, shall be granted of the Lands and Premises or of the Landlords interest therein, and to any ground lease of the Lands and Premises. The tenant shall execute promptly from time to time any assurance the Landlord may reasonably require to confirm the subordination with respect to any mortgage now or hereafter granted.
- 8.02** whenever required by any mortgagee or a trustee on behalf of a mortgagee of any mortgage as contemplated in paragraph 8.01, the tenant shall attorn to and become a Tenant or licensee of such mortgagee or trustee or any purchases from the mortgagee or trustee of its power of sale in the mortgage set out, for the then unexpired residue of the Term herein upon all of the Terms and conditions hereof.
- 8.03** The Tenant agrees, that anytime upon not less that ten (10) days prior notice, to execute and deliver to the landlord a statement in writing verifying that this Lease is unmodified, (or if modified, stating the modification), that it is in full force and effect, the amount of annual rental payable hereunder, the dates to which such rents and charges hereunder have been paid, by installments or otherwise,



whether there is any existing default on the part of the Landlord of which the Tenant has notice, and the details and amount of any deposit provided and details of any other security or guarantee given in connection with the Demised Premises or the performance or observant by the Tenant of the provisions of the Lease.

PROPERTY LOSS, DAMAGE REIMBURSEMENT

- 9.01** The Landlord shall not be responsible in any way for any injury to any person or for any loss of or damage to any property belonging to the Tenant or to other occupants of the Demised Premises or to their respective invitees, licensees, agents, servants or other persons from time to time attending the Demised Premises while such a person or property is on or about the Lands and Premises or any areaways, parking areas, lawns sidewalks, steps, truckways, platforms, corridors, stairways elevators or escalators in connection therewith, including without limiting the foregoing, any loss of or damaged to any such property caused by theft or breakage, or by steam, water, rain or snow which may leak into, issue or flow from any part of the Building or any adjacent or neighboring lands or premises or from any other place or quarter, or for any loss of or damage caused by or attributable to the condition or arrangements of any electric or other wiring, or for any damage caused by smoke, or anything done or omitted to be done by any other tenant of the premises in the Building or for any other loss whatsoever with respect to the Demised Premises and/or any business carried on therein.
- 9.02** Under no circumstances shall the Landlord be liable for indirect or consequential damage or damages for personal discomfort or illness by reason of the nonperformance or partial performance of any covenants of the Landlord herein contained, including covenants, if any, for the heating of the Demised Premises or the operation of the air conditioning equipment, elevators, plumbing or other equipment in the Building or the Demised Premises.
- 9.03** The Tenant shall give the Landlord immediate notice in case of fire or accident or of any defect in the water pipes, gas lines, heating apparatus, telephone lines, electric wiring or lights or otherwise in the Demised Premises or in the Building of which the Tenant is or becomes aware.

DAMAGE TO OR DESTRUCTION OF THE DEMISED PREMISES

- 10.01** If the Demised Premises shall be damaged by fire or other casualty for which effective insurance has been placed by the Landlord, or if the Building is so damaged thereby restricting the use of the Demised Premises, then the rent shall abate in whole or in part

according to the portion of the Demised Premises which is non-usable by the Tenant until such damage is repaired.

10.02 Except as provide in paragraph 10.03, if the Demised Premises shall have been damaged by fire or other casualty for which effective insurance has been placed by the Landlord, the damage to the Demised Premises shall be repaired by the Landlord at its expense, except that repairs to alterations, additions or improvements made by the Tenant, other than those insured by the Landlord, shall be performed by the Landlord at the expense of the Tenant, and that Tenant shall, at its own expense make all repairs and replacements of property which the Tenant is entitled to remove pursuant to paragraph 7.04. The covenants to repair in this clause shall be of no effect if zoning, building or other regulation precludes the repairs to be made or the use of the demised Premises as so repaired for the purposes of the Tenant hereunder. The Landlord shall not be liable to the Tenant for any loss or damage suffered by the Tenant as a result of any reasonable delay which may arise by reason of adjustment of insurance on the part of the Landlord or on account of labor controversies or any other cause beyond the Landlord's control.

10.03 If the Demised Premises are rendered untenable by fire or other casualty, and if the Landlord shall decide not to restore the same, or if the building shall be so damaged that the Landlord shall decide not to restore it, when or in any of such events, the Landlord shall, within sixty (60) days after such fire or other casualty, give to the Tenant a notice in writing of such decision, and thereupon the Term of this Lease shall expire forthwith and the Tenant shall vacate the Demised Premises and surrender the same to the Landlord. If the Demised Premises are rendered untenable as aforesaid, or if the Building is damaged and the Landlord does not give notice as aforesaid, then if the Demised Premises or the Building, as the case may be, are not restored within twelve (12) months from the time for the fire or other casualty causing the damage (subject to such time period being extended by the length of any reasonable delay which may arise by reason or adjustments of insurance on the part of the Landlord on account of labor controversies or any other cause beyond the Landlord's control) the Tenant or the Landlord may, at its option, to be exercised within ten (10) days of the Termination of the said period of twelve (12) months (or the Termination of such later period as extended hereby) by notice in writing, Terminate this Lease forthwith. Upon the Terminate of this Lease under the condition provided in this clause, the Tenant's

liability for rent shall cease as of the day following the fire or casualty.

EXPROPRIATION

- 11.01** If the Demised Premises shall be acquired or condemned by an authority having the power of such acquisition or condemnation, then the Term of this Lease shall cease from the date of entry of such authority. If only a portion of the Demised Premises being an area of thirty percent (30%) or more of the area of the Demised Premises shall be so acquired or condemned, this Lease shall cease and terminate at the Landlord or by the Tenant, an equitable adjustment of rent payable by the Tenant for the remaining portion of the Demised Premises shall be made. In either event, however, and whether all or only a portion of the Demised Premises shall be so acquired or condemned, nothing herein contained shall prevent the Landlord or the Tenant or both from recovering damages from such authority for the value of their respective interests or for such other damages and expenses allowed by law.

ACCESS TO DEMISED PREMISES

- 12.01** Tenant shall permit the Landlord to erect, build, use and maintain unexposed pipes, ducts and conduits in and through Demised Premises. The Landlord, its servants and agents shall have the right to enter the Demised Premises at reasonable time, in the presence of the Tenant, to examine the same and make such repairs, alterations, improvements or additions as the Landlord may deem necessary or desirable in the Demised Premises or as the Landlord may be required to make by law or in order to repair and maintain the Building, and the Landlord shall be allowed to take all materials into the Demised Premises that may be required therefore without the same constituting an eviction of the Tenant in whole or in part, and the rent reserved shall in no way abate while the said repairs, alterations, improvements or additions are being made by reason of interruption of the business of the Tenant. The Landlord will exercise reasonable diligence so as to minimize the disturbance or interruption of the Tenant's operations.
- 12.02** During the term hereby created any person or persons may inspect the Demised Premises and all parts thereof at all reasonable times on producing a written order to that effect signed by the Landlord or its agents. The Landlord shall have the right during the last six (6) months of the said Term to place upon the Demised Premises a notice or notices of reasonable place so as not to interfere with the business of the Tenant, stating that the Demised Premises is for

rent, and further provided, that the Tenant will not remove such notice or permit the same to be removed.

DEFAULT

- 13.01** The Tenant further covenants with the Landlord that if the Tenant shall violate or neglect any covenant, agreement or stipulation herein contained on its part to be kept, performed or observed, and any such default on the part of the Tenant shall continue for twenty-one (21) days after the written notice thereof to the Tenant by the Landlord (or if such default is not capable of being remedied within twenty-one (21) days and the Tenant diligently uses all reasonable efforts to pursue such remedy, then it shall be entitled to an additional ten (10) days to cure such default), or notwithstanding the foregoing, if any payments of rent or any part thereof, whether the same are demanded or not, are not paid when they become due, then and in any such case, the Landlord, in addition to any other remedy now or hereafter provided by law, may at its option cancel and annul this Lease forthwith, and re-enter and take possession immediately without any additional notice of intention to re-enter, to recover at once full and exclusive possession of the Demised Premises, and such re-entry shall not operate as a waiver or satisfaction in whole or in part of any right, claim or demand arising out of or connected with any breach or violation by the Tenant of any covenant or agreement on its part to be performed.

LANDLORD'S EXPENSES ENFORCING LEASE

- 15.01** If it shall be necessary for the Landlord to retain the services of a solicitor for any other proper person for the purpose of assisting the Landlord in enforcing any of its rights hereunder in the event of default on the part of the Tenant, the cost of all such services including all necessary Court proceedings at trial and on appeal on a solicitor and own client basis accrue as if the same were rent reserved and in arrears hereunder.

WAIVER

- 16.01** The failure of either party to insist upon strict performance of any covenant or condition contained in this Lease or to exercise any right or option hereunder shall not be construed as a waiver or relinquishment for the future of any such covenant, condition, right or option.
- 16.02** The acceptance of any rent from or the performance of any obligation hereunder by a person other than the Tenant shall not be

construed as an admission by the Landlord of any right, title or interest of such person as a sub-Tenant, assignee, transferee or otherwise in the place and stead of the Tenant.

- 16.03** The acceptance by the Landlord of a part payment of any sums required to be paid hereunder shall not constitute waiver or release of the right of the Landlord to payment in full of such sums.

HOLDOVER

- 17.01** If at the expiration of the Term of this Lease, the Tenant shall hold over with the consent of the Landlord, the tenancy of the Tenant thereafter shall, in the absence of written agreement to the contrary, be from month to month only at a rental per month equal to one-tenth (1/10) of the rental payable for the year immediately preceding such expiration, payable monthly, and shall be subject to all other Terms and conditions of this Lease other than any right of renewal herein.

INABILITY TO PERFORM

- 18.01** The Landlord does not warrant that any service or facility provided by it hereunder will be free from interruptions caused or required by maintenance, repairs, addition, renewals, modifications, strikes, riots, insurrection, labor controversies, force majeure, act of God or other cause beyond the Landlord's reasonable care and control. No such interruption shall be deemed an eviction or disturbance of the Tenant's enjoyment of the Demised Premises, nor render the Landlord liable in damages to the Tenant, nor relieve the parties from any of their obligations under this Lease (unless such obligation can no longer or for the time being be lawfully fulfilled), and the Landlord shall take reasonable steps if any are available to it and remove the cause of such interruption.

LANDLORD'S RIGHT TO PERFORM

- 19.01** If the Tenant shall fail to perform any of the covenants or obligations of the Tenant under or in respect of this Lease, the Landlord may from time to time at its discretion perform or cause to be performed any of such covenants or obligations or any part thereof, and for such purpose, may do such things as may be requisite, and may enter upon the Demised Premises to do such things, and all expenses incurred and expenditures made by or on behalf of the landlord shall be forthwith paid by the Tenant to the Landlord, and if the Tenant fails to pay the same, the Landlord may add the same to the rent and recover the same by all remedies

available to the Landlord for the recovery of rent in arrears, provided that if the Landlord commences either the performance or the causing to be performed of any such covenants or obligations or any part thereof, the Landlord shall not be obliged to complete such performance or causing to be performed, and if the Landlord so completes, shall not be later obliged to act in like fashion.

REMEDIES CUMULATIVE

- 20.01** No remedy conferred upon or reserved to the Landlord herein, by statute or otherwise, shall be considered exclusive, and shall be in addition to every other remedy available to the Landlord, and all such remedies and powers of the Landlord may be exercised concurrently and from time to time and as often as occasion may be deemed expedient by the Landlord.
- 20.02** No right or remedy provided for the Landlord herein shall preclude or be deemed or construed to preclude the Landlord from exercising any other right or remedy provided or implied by law, each such right and remedy being hereby reserved to the Landlord.

LANDLORD'S LIMIT OF LIABILITY

- 21.01** The Term "Landlord" as used in this Lease, so far as covenants or obligations on the part of the Landlord as herein defined, while it retains its interest in the Lands and Premises, but upon a transfer of that interest, the Landlord shall be automatically relieved after the date of such transfer of all future personal liability arising out of the requirement for performance of any obligations on the part of the Landlord herein contained, provided that this release from liability shall become effective only if a transferee shall expressly assume, subject to the limitations of the Article, from the date of such transfer, all of the Terms of this Lease to be performed on the part of the Landlord,.

DEMOLITION AND RENOVATION

- a) Intentionally deleted.

WHOLE OF AGREEMENT

- 23.01** The Tenant agrees that the Demised Premises are leased by the Tenant without any representations or warranties other than as contained in this Lease, and that no representations or warranties other than as contained in this Lease, and that no representative or

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agent of the Landlord, is or shall be authorized or permitted to make any representation with reference hereto or vary or modify this Lease in any way, except in writing under the seal, and that this Lease contains all of the agreements and conditions made between the parties hereto.

NOTICES

- 24.01** Any notice required or contemplated by a provision of this Lease, or which the landlord or Tenant may desire to give to the other, shall be sufficiently given by personal delivery or by registered letter, postage prepaid and mailed in one of Her majesty's Post Offices in the City of Victoria, B.C., and addressed to the party to whom such notice is to be given, at the address of such party as given in this Lease or at such other address as either party may notify the other in writing during the Term hereof or, if to the Tenant, addressed to the Demised Premises and any such notice shall be effective as of the day of such personal delivery or as of the fourth day following the date of such posting as the case may be.

INTERPRETATION

- 26.01** This indenture shall be construed in accordance with the laws of the Province of British Columbia.
- 26.02** Where required the singular shall be deemed to include the plural and vice versa, and the neuter gender shall be deemed to include the masculine and feminine and vice versa.
- 26.03** The definition of any words used in any Article of this Lease shall apply to such words when used in any other Article hereof whenever the context is consistent.
- 26.04** The marginal notes and captions in this Lease form no part of this Lease and shall be deemed to have been inserted for convenience of reference only. In this Lease, the following words and phrases have the respective meaning below.

DEFINITIONS

- 27.01** "Demised Premises" means the premises described in clause 1.01 and consisting of **2,109 square feet**. For the purpose of determining the area of the Demised Premises, the BOMA method measurement shall be used.
- 27.02** "Building" shall mean the building or buildings in which the Demised Premises are situated

- 27.03** "Landlord" as used in this Lease means only the owner or the mortgagee in possession for the time being of the Building so that in the event of any transfer of title to the Building, the Landlord herein specifically described and any intervening successor shall be and hereby is and are entirely freed and relieved of all covenants and obligations of the Landlord hereunder thereafter accruing subject to paragraph 21.01.
- 27.04** "Land and Premises" shall mean that certain parcel or tract of land, situate, lying and being the Province of British Columbia, and more particularly known and described as 29 Plan 35267 Sec. 76, Esquimalt Land District
- 27.05** "Proportionate Share" shall mean a fraction, the numerator of which represents the Premises and the denominator of which is the Total Rentable Area of the Buildings, which areas shall be determined according to the standard method of measurement approved at the time of execution hereof by the Building Owners and Managers Association International. The Total Rentable Area of the building is 14,000 square feet.
- 27.06** "Taxes" means all taxes, rates and assessments whether general or specially levied or assessed by the municipality in which the building is situated, whether assessed for municipal, school or other purposes, or levied by other lawful government authority for such purposes payable by the Landlord in respect to the land and premises, and immovable accessories, and shall include any other taxes payable by the Landlord which are imposed in substitution of the foregoing taxes, the whole as finally determined for each calendar year as a result of assessment, appeal or judicial review, and shall include any legal or appraisal fees incurred by the Landlord in respect of such determination thereof.

REGISTRATION

- 28.01** Each party should be responsible for that party's own costs connected with the preparation of the Lease..

RENEWAL

First Renewal Term:

29.01 Unless the Tenant provides written notice of non-renewal to the Landlord within six (6) months from the expiration of the existing Term this Lease shall automatically renew for a one (1) year term (the "First Renewal Term") upon the same terms and conditions contained herein, save and except for base rent, any further automatic renewals beyond those provided for in this paragraph and any rental inducements or other incentives relevant to the Term. The base rent for the First Renewal Term shall be negotiated between the Landlord and the Tenant based upon current market value rentals for improved premises of comparable quality, size, building and location as at the commencement of the First Renewal Term, but if they fail to agree within 2 months prior to the expiration of the existing Term, then the base rent will be determined by a single arbitrator appointed under the Commercial Arbitration Act, as such legislation may be amended or substituted from time to time, whose decision will be final and binding upon the Landlord and the Tenant. The cost of the arbitration will be borne by the Landlord and the Tenant equally. In any event the base rent for the First Renewal Term will not be less than the base rent applicable during the most recent lease year.

29.02 In the event that the Tenant does not provide the Landlord with the six (6), months written notice required by paragraph 29.01 prior to the expiration of the existing Term or Renewal Term, as the case may be, but does not wish to have the Lease renew automatically, the Landlord agrees that upon payment of a \$20,000 termination fee by the Tenant to the Landlord, this Lease shall expire at the end of the existing Term or Renewal Term, as the case may be. The Tenant acknowledges and agrees that the \$20,000 termination fee payable to the Landlord under such circumstances is a genuine pre-estimate of the Landlord's costs and expenses relating to lost income, advertising and releasing the Demised Premises, and is not in the nature of a penalty.

Second Renewal Term

29.03 Unless the Tenant provides written notice of non-renewal to the Landlord within six (6) months from the expiration of the First Renewal Term, if any, this Lease shall automatically renew for an additional one (1) year term (the "Second Renewal Term") upon the same terms and conditions contained herein, save and except for base rent, any further automatic renewals beyond those provided for in this paragraph and any rental inducements or other incentives relevant to the Term. The base rent for the Second Renewal Term shall be negotiated between the Landlord and the Tenant based upon current market value rentals for improved premises of

comparable quality, size, building and location as at the commencement of the Second Renewal Term, but if they fail to agree within 2 months prior to the expiration of the First Renewal Term, if any, then the base rent will be determined by a single arbitrator appointed under the Commercial Arbitration Act, as such legislation may be amended or substituted from time to time, whose decision will be final and binding upon the Landlord and the Tenant. The cost of the arbitration will be borne by the Landlord and the Tenant equally. In any event the base rent for the Second Renewal Term will not be less than the base rent applicable to the First Renewal Term.

- 29.04** In the event that the Tenant does not provide the Landlord with the six (6), months written notice required by paragraph 29.03 prior to the expiration of the First Renewal Term, if any, but does not wish to have the Lease renew automatically, the Landlord agrees that upon payment of a \$20,000 termination fee by the Tenant to the Landlord, this Lease shall expire at the end of the First Renewal Term. The Tenant acknowledges and agrees that the \$20,000 termination fee payable to the Landlord under such circumstances is a genuine pre-estimate of the Landlord's costs and expenses relating to lost income, advertising and releasing the Demised Premises, and is not in the nature of a penalty.

Third Renewal Term

- 29.05** Unless the Tenant provides written notice of non-renewal to the Landlord within six (6) months from the expiration of the Second Renewal Term, if any, this Lease shall automatically renew for a further one (1) year term (the "Third Renewal Term") upon the same terms and conditions contained herein, save and except for base rent, any further automatic renewals beyond those provided for in this paragraph and any rental inducements or other incentives relevant to the Term. The base rent for the Third Renewal Term shall be negotiated between the Landlord and the Tenant based upon current market value rentals for improved premises of comparable quality, size, building and location as at the commencement of the Third Renewal Term, but if they fail to agree within 2 months prior to the expiration of the Second Renewal Term, if any, then the base rent will be determined by a single arbitrator appointed under the Commercial Arbitration Act, as such legislation may be amended or substituted from time to time, whose decision will be final and binding upon the Landlord and the Tenant. The cost of the arbitration will be borne by the Landlord and the Tenant equally. In any event the base rent for the Third Renewal

Term will not be less than the base rent applicable to the Second Renewal Term.


29.06

In the event that the Tenant does not provide the Landlord with the six (6), months written notice required by paragraph 29.05 prior to the expiration of the Second Renewal Term, but does not wish to have the Lease renew automatically, the Landlord agrees that upon payment of a \$20,000 termination fee by the Tenant to the Landlord, this Lease shall expire at the end of the Second Renewal Term. The Tenant acknowledges and agrees that the \$20,000 termination fee payable to the Landlord under such circumstances is a genuine pre-estimate of the Landlord's costs and expenses relating to lost income, advertising and releasing the Demised Premises, and is not in the nature of a penalty.

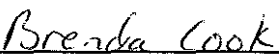
THIS INDENTURE shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

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

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA,
as represented by the Minister of Labour, Citizen's Services & Open Government
by its authorized signatory:

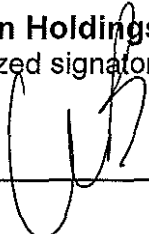


Print Name:




Print Name:

3179 Jacklin Holdings Ltd.
by its authorized signatory:



Print Name:



Print Name:

INDENTURE OF LEASE

BETWEEN

Magnetic Lunch Holdings Ltd.

5318 Westhome Road

Victoria, British Columbia, V9E 2E8

OF THE FIRST PART
(Landlord)

and



HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA, as represented
by the Minister of Citizens' Services
PO BOX 9412, STN PROV GOVT
W311 - 4000 SEYMOUR PLACE
VICTORIA BC V8W 9V1

OF THE SECOND PART
(Tenant)

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STANDARD FORM LEASE

THIS LEASE made in triplicate this 9th day of March 2011,
BETWEEN

Magnetic Lunch Holdings Ltd.
5318 Westhome Road
Victoria, British Columbia, V9E 2E8

(hereinafter referred to as the "Landlord")

OF THE FIRST PART

AND



HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA, as represented
by the Minister of Citizens' Services
PO BOX 9412, STN PROV GOVT
W311 - 4000 SEYMOUR PLACE
VICTORIA BC V8W 9V1

(hereinafter referred to as the "Tenant")

OF THE SECOND PART

In consideration of the covenants, agreements and conditions herein contained, the parties agree as follows:

ARTICLE 1 - PREMISES AND TERM

1.01 DEMISE

The Landlord demises and leases to the Tenant the Premises, as more particularly described and outlined in Schedule "A" attached hereto, comprising an area of **2,000** square feet, more or less, located on the following floor(s):

**2,000 square feet on the main floor of that Building situated at 4526 Viewmont Ave.,
Saanich, British Columbia.**

(Municipal/civic address)

1.02 HABENDUM AND COMMENCEMENT

To have and to hold the Premises for and during the Term of **Five (5)** year(s) from the Commencement Date. If the Landlord is not able to deliver the Premises on the Commencement Date, then this Lease may forthwith at the Tenant's sole discretion, be terminated and any monies paid by the Tenant to the Landlord will be forthwith refunded without any deduction or set-off.

ARTICLE 2 - DEFINITIONS

2.01 BASE YEAR (OPERATING COSTS)

"Base Year (Operating Costs)" means the operating costs incurred during the period of TWELVE (12) months commencing on the later of either the Commencement Date, or the date when the Building will have achieved an occupancy rate of at least EIGHTY FIVE (85%) percent of the Total Rentable Area.

2.02 BASE YEAR (TAXES)

"Base Year (Taxes)" means the taxes assessed during the period of twelve months commencing on the later of either the Commencement Date, or the date in the taxation year following the Commencement Date in which the taxes levied and assessed against the land and the building(s) are so levied and assessed on the basis that the building(s) are fully completed for the whole of such year, without rebate or concession. In determining the Base Year (Taxes), a pro-rata adjustment of two ensuing taxation years may be necessary.

2.03 BUILDING

"Building" means the land and building of which the Premises form a part.

2.04 COMMENCEMENT DATE

"Commencement Date" will be the later of:

- a) **First day of April, 2011; OR**
- b) **DELETED**

2.05 MUNICIPAL TAXES

"Municipal Taxes" means the substantiated aggregate of all property, utility and local improvement taxes or similar charges, duties, rates and assessments save and except business, machinery and equipment taxes charged or levied by any lawful authority against the Building. The Tenant will not be responsible for increases in the Municipal Taxes resulting from additions or improvements made to the Building by persons other than the Tenant or not requested by the Tenant.

2.06 OPERATING COSTS

"Operating Costs" means the substantiated direct cost to the Landlord of ordinary non-capital expenditures incurred only in connection with the operation of the Building as itemized in column (b) of Schedule "B" attached hereto, and the costs of services provided by the Landlord but paid for by the Tenant as itemized in column (c) of the said Schedule "B", including, as the context may require, costs for:

- (1) preventative servicing and minor repairs of the heating, ventilating and air-conditioning (HVAC) system;
- (2) water and sewer rates;
- (3) electric power, save and except for power factor surcharges;
- (4) heating;
- (5) snow and garbage removal;
- (6) landscaping and common area maintenance;
- (7) cleaning and maintenance of the interior of the Building;
- (8) preventative servicing and minor repair of elevator(s);

and excluding costs for:

- (i) maintenance of parking lot;
- (ii) other maintenance of elevator(s), HVAC, mechanical, electrical, plumbing and utility systems;
- (iii) security services;

- (iv) structural maintenance and repairs, including plate glass replacement;

Amounts normally charged to depreciation, interest on debt or capital retirement of debt, and all Landlord oriented operating costs, such as management, legal, accounting and rental agent fees will not be included in calculating Operating Costs.

2.07 PREMISES

"Premises" means the area of approximately **2,000** square feet, of which

2,000 square feet is located on the **main** floor;

as may be more particularly indicated in a distinguishing colour on the plan of that portion of the Building which is outlined in red and attached to Schedule "A".

2.08 PROPORTIONATE SHARE

"Proportionate Share" means a fraction, the numerator of which represents the Premises and the denominator of which is the Total Rentable Area of the Building, which areas will be determined according to the standard method of measurement approved at the time of execution hereof by the Building Owners and Managers Association International, and which is **100%**. In the event that the Building may be subject to multiple-purpose tenancies, due weight and consideration will be given to the use and benefits derived or being derived by respective classes of tenancies in ascribing the proportionate share factor to the Premises.

2.09 TENANT IMPROVEMENTS

"Tenant Improvements" means the improvements to be made to the Premises as may be more particularly set forth in Schedule "D" attached hereto.

2.10 TERM

"Term" means the period of time described in paragraph 1.02 and will be construed, if necessary, to include any term resulting from the exercise of the option to renew in paragraph 4.09.

2.11 TERM YEAR

"Term Year" means a ONE (1) year period commencing on the Commencement Date and running one full year thereafter and each subsequent one year period thereafter until termination.

2.12 TOTAL RENTABLE AREA

"Total Rentable Area" means the aggregate of all areas in the Building which are rented or available for rental and which is **2,000** square feet.

ARTICLE 3 - RENT AND OTHER CHARGES

3.01 RENT

The Tenant will pay to the Landlord, Rent over the whole of the Term, of S 17 dollars S 17 payable in advance in equal monthly installments at the first of each and every month during the Term of S 17 dollars S 17 commencing either with the Commencement Date or on the first day of the first month following completion of the execution of the Lease by all the parties thereto, together with any retro-active payments that may be necessary flowing from the Commencement Date. The Rent for the Premises is at the rate of S 17 per square foot per year. In no event will the Tenant be responsible for any escalation in the Rent or in any other amounts to be payable by the Tenant hereunder in the first year of the Term.

3.02 TAXES

- (A) TAXES INCLUDED IN RENT - DELETED
- (B) TAX ESCALATION OVER BASE YEAR - DELETED
- (C) PROPORTIONATE SHARE OF TAXES

In accordance with column (c) of Schedule "B", within ONE HUNDRED AND EIGHTY (180) days next following the due date for the payment of taxes for a tax year, the Landlord will forward to the Tenant a copy of the receipted tax bills for such tax year, along with a calculation of the Tenant's Proportionate Share thereof. Within THIRTY (30) days of such receipt, the Tenant will pay its Proportionate Share of the Municipal Taxes. If only a part of the relevant tax period be included in the Term, there will be an apportionment of the Proportionate Share of the Municipal Taxes for such year. **The Landlord and Tenant agree that the Landlord's reasonable estimate for Taxes are S 17 per square foot per annum.**

3.03 OPERATING COSTS

- (A) OPERATING COSTS INCLUDED IN RENT - DELETED
- (B) OPERATING COSTS ESCALATION OVER BASE YEAR - DELETED
- (C) PROPORTIONATE SHARE OF OPERATING COSTS

The Tenant will also pay monthly to the Landlord a Proportionate Share of the Operating Costs as identified in column (c) of Schedule "B", 1/12th of 85% of the Landlord's reasonable estimated annual budget. If the Tenant is the sole tenant in the Building, receipted invoices may be submitted as documentation for the amounts claimed. If there be other tenants in the Building, the Landlord will substantiate the amount required to be paid by the Tenant hereunder on the basis of certified statements supported, upon Tenant's request, by appropriate receipted invoices. The annual reconciliation to actual costs must be submitted within ONE HUNDRED AND EIGHTY (180) days from the end of the Term Year to which they apply, and the difference will be paid by the Tenant within SIXTY (60) days of receipt. If there is a credit to the Operating Costs, the credit will be taken from the Operating Costs payment and/or rent payment next following receipt. **The Landlord and Tenant agree that the Landlord's reasonable estimate for Operating Costs for the first year of the Term to be \$ 17 per square foot per annum.**

3.04 RECORDS

During the term of this Lease, as the same may be renewed, and for a period of not less than TWENTY-FOUR (24) months after the expiration or sooner determination of the said Term,

- a) the Landlord will, keep and maintain full and complete records of expenses and costs incurred for the Building and the Premises together with proper records of all tender calls, quotations, contracts, correspondence, invoices, receipts and vouchers relating thereto; and
- b) at all reasonable times and from time to time the Landlord will make all such records available to the Tenant, or to persons acting on its behalf, for inspection and audit and for the purpose of making copies thereof and taking extracts therefrom and will furnish to such persons any and all information which they may require from time to time in connection therewith.

3.05 ESTOPPEL

If, within TWELVE (12) calendar months of the conclusion of each year, or any period for which an accounting under paragraphs 3.02 and 3.03 may have been due, the Landlord does not give an itemized and specific notice to the Tenant of any amounts payable by the Tenant, the Landlord will be estopped from demanding payment therefore and in pursuing any remedies available to the Landlord for said amounts.

ARTICLE 4 - GENERAL COVENANTS

4.01 QUIET ENJOYMENT

The Landlord covenants with the Tenant for quiet enjoyment.

4.02 USE OF PREMISES

The Tenant may use the Premises for its own purposes or to provide accommodation for agencies of the Provincial Government, Provincial Crown Corporations, ministries or agencies of the Federal Government, municipalities, regional districts and other similarly publicly funded bodies and their agents or agencies, corporate or otherwise, and for private sector tenants, and the Landlord warrants that the Premises are suitable for such purposes, and will be free from any offensive or objectionable odours, vermin or noise.

4.03 ACCESS

The Tenant, its sub-tenants and their respective servants, agents, employees, licensees and invitees will have the right in common with other occupants of the Building to pass, repass and utilize all common areas including corridors, lobbies, washrooms, stairways, elevators and passages and over the lands of the Building for the purposes of ingress, egress and full enjoyment of the Premises, parking and other facilities in use by the Tenant.

4.04 LANDLORD'S OBLIGATIONS

The Landlord will promptly pay all Municipal Taxes levied against the Building, together with all fuel, utility and other charges, of any nature whatsoever, for which the Landlord is responsible. The Landlord will maintain the Building at those standards specified in the current Workers' Compensation Board Occupational Health and Safety Regulations and all amendments thereto and all successor regulations, and also to provide and pay for the further Landlord's services set down in Schedule "C" and Supplement(s) to this Lease.

4.05 COMPLY WITH LAWS

The Landlord will comply at all times during the Term hereof with all laws, statutes, by-laws, ordinances, regulations or other lawful requirements of any governmental authority having jurisdiction, and the Landlord warrants and covenants that the Premises comply now and will comply during the term with such laws and regulations.

4.06 ALTERATIONS

The Tenant will be able, with the prior written consent of the Landlord, (which consent will not be unreasonably withheld or delayed) to make such alterations or additions to the Premises as it may from time to time request in writing and as are required for the conduct of its business. If the Landlord does not respond within THIRTY (30) days to such a request, consent will be deemed to have been given.

4.07 NOTIFICATION OF SALE OR ASSIGNMENT AND ACKNOWLEDGEMENT

If at any time during the Term hereof the Building or the Landlord's interest therein or in this Lease will be assigned, mortgaged or sold to any third party, the Landlord will, within FOURTEEN (14) days following the execution and delivery by the Landlord of any assignment or documents of mortgage or sale, deliver to the Tenant a notice in writing of the making of such assignment, mortgage or sale and the effective date thereof and will obtain an agreement from the assignee, mortgagee or purchaser, as the case may be, acknowledging and confirming the Rent, the Term and the other covenants, obligations and conditions of this Lease.

4.08 DIRECTIONS AS TO EMERGENCY AND PAYMENTS

- (a) In case of emergency the Landlord designates **Tony Baker**, telephone number **(250) 727-1715** as his representative, and the Tenant designates **BLJC Workplace Solutions Inc.**, telephone number **1-877-222-3112** as its representative.
- (b) Until further written notice the Landlord designates **Magnetic Lunch Holdings Ltd.** 5318 Westhome Rd, Victoria, British Columbia V9E 2E8 as the recipient for Rent and other amounts payable under the Lease.

4.09 OPTION TO RENEW

- (a) Commencing on the expiration of the Term hereof, the Tenant may renew this Lease for an additional term of **five (5) years** (hereinafter called the "Renewal Term")
 - (i) **DELETED**
 - (ii) **DELETED**
 - (iii) at a Rent to be negotiated at the time of renewal and before the expiration of the Term and otherwise upon the same terms and conditions as contained herein, save that of further renewal. If the parties hereto can not agree upon the Rent before the expiration of the Term, the parties agree to resort to binding arbitration in accordance with the provisions of the Commercial Arbitration Act, R.S.B.C. 1996, c.55, and will be predicated upon the current market value rentals for comparable space, and disregarding in the ascertainment of the new rental rate improvements made to the Premises by or at the expense of the Tenant.
- (b) The Tenant may exercise this option to renew only by delivering or mailing to the Landlord by registered mail written notice of its intention to exercise such option not later than **THREE (3) months** immediately preceding the last day of the Term.

4.10 SUBLETTING

The Landlord covenants and agrees that the Tenant may sublet or license the Premises, either in whole or in part, without the consent of the Landlord, to agencies of the Provincial Government, Provincial Crown Corporations, ministries or agencies of the Federal Government, municipalities, regional districts and other similar publicly funded bodies and their agents or agencies and to private sector tenants for the purposes contemplated in paragraph 4.02. The Tenant may not otherwise sublet or licence the Premises without the prior written consent of the Landlord. Notwithstanding any such sublease or licence, the Tenant will remain bound to the Landlord for the fulfillment of all the terms of this Agreement.

ARTICLE 5 - INSURANCE, REPAIRS AND DEFAULT

5.01 LANDLORD'S COVENANT TO INSURE

The Landlord will, without limiting its obligations or liabilities herein and at its own expense, provide and maintain the following insurances with insurers licensed in British Columbia or Canada and in forms and amounts acceptable to the Tenant:

- (a) "all risks" property insurance, including earthquake coverage if such coverage is available at a cost that a prudent owner would pay therefore, and coverage for sprinkler leakage and other water damage, on the Building (including the Tenant Improvements) in an amount that is not less than the full replacement cost of the Building, together with boiler and machinery insurance (which will include loss of use and loss or damage caused by rupture of steam pipes) in respect of all boilers and other pressure vessels within or forming part of the Building, in such amounts and with such deductibles as are normally effected by reasonably prudent owners of properties similar to the Building (for the purposes of this paragraph, replacement costs will be determined by the Landlord acting reasonably at the time the insurance is initially obtained and will thereafter be determined by the Landlord at least once every 12 months, and the Landlord will promptly notify the Tenant in writing of each such determination, it being the intention of the parties that in the event of any damage or destruction to the Building, sufficient insurance funds will be available to repair or rebuild the Building to the then required governmental standards). Each and every policy of property insurance maintained by the Landlord will provide for a waiver of the insurer's right of subrogation against the Tenant and its subtenants and licensees and those for whom each of the Tenant and its subtenants and licensees is or are responsible in law; and
- (b) Commercial General Liability in an amount not less than \$3,000,000 inclusive per occurrence insuring against bodily injury, personal injury, property damage and liability assumed under contract. The Tenant is to be an additional insured under this insurance and this insurance will be endorsed to provide the Tenant with 30 days advance written notice of cancellation or material change. This insurance must include a cross liability and severability of interest clauses.

All the foregoing insurance will be primary and not require the sharing of any loss by any insurer of the Tenant. The Landlord will provide the Tenant with evidence of all required insurance prior to the commencement of the services, and from time to time as requested by the Tenant, in the form of a completed Province of British Columbia Certificate of Insurance. When requested by the Tenant, the Landlord will provide certified copies of required insurance policies.

5.02 TENANT NOT TO AFFECT INSURANCE

The Tenant will not do or permit anything to be done which causes the Landlord's cost of insuring the Building to increase. Any increase in insurance costs to the Landlord resulting from a breach of this covenant will be borne by the Tenant.

5.03 LANDLORD TO ENSURE OTHER TENANTS WILL NOT AFFECT INSURANCE

The Landlord will ensure that any and all tenants of space within the Building during the term hereof will be bound by a covenant identical in its effect to that covenant contained in Article 5.02. In the absence of such covenant, the Landlord will hold the Tenant herein safe and harmless from any resulting increase in the cost of insuring the Building.

5.04 LANDLORD'S COVENANT TO REPAIR

The Landlord covenants at its sole cost and expense, subject to the provisions of Article 5.05, to maintain the Building and its HVAC, mechanical, electrical, plumbing and utility systems in good repair and operating condition, and upon receipt of written notice from the Tenant, to remedy promptly any defects in the Building and its systems.

5.05 REPAIR IN THE EVENT OF DAMAGE

If the Premises are damaged by fire or any other hazard such that the Premises are rendered untenable or convenient access is prevented, then if such damage is capable of repair within NINETY (90) days the Landlord will, within THIRTY (30) days of the occurrence of the damage, initiate that repair and forthwith allow an abatement of the Rent which recognizes the nature and extent of the damage, or inconvenience, until such time as the Premises have been rebuilt or access restored. If the Landlord does not initiate the restoration of the Premises or access within the said THIRTY (30) days, or having commenced the restoration, does not proceed to complete it with reasonable dispatch, then the Tenant may give the Landlord FOURTEEN (14) days notice and thereafter may terminate this Lease forthwith. If the damage is severe enough to preclude the reoccupation of the Premises by the Tenant for a period in excess of NINETY (90) days, either party may, within THIRTY (30) days of the occurrence of the damage, serve notice upon the other of the immediate termination of this Lease.

5.06 TENANT'S RIGHT TO PERFORM

If the Tenant delivers to the Landlord written notice of default in any of the services to be provided by the Landlord hereunder, and the Landlord fails to remedy such default:

- (a) within SEVENTY-TWO (72) hours from and after delivery of such written notice; or
- (b) within such period less than SEVENTY-TWO (72) hours from and after delivery of such written notice as will ensure that the Tenant suffers no loss or damage if, by reason of the nature of such default, the Tenant may reasonably be expected to suffer loss or damage if such default is not remedied within a period less than SEVENTY-TWO (72) hours,

then and in any and every such event, the Tenant may without further notice to the Landlord take such steps as may, in the sole judgement of the Tenant, be necessary to remedy such default, and without limiting any of the Tenant's remedies at law or in equity, all costs incurred by the Tenant in remedying any such default of the Landlord will be charged to and paid by the Landlord and, if the Landlord fails to pay such cost on demand, the Tenant will be entitled either to deduct the same from the Rent or any other amounts payable hereunder by the Tenant to the Landlord, or to withhold the payment of Rent or any other amounts payable to the Landlord until such time as the default will have been cured or the Tenant will have recovered all its costs in remedying the default.

5.07 TENANT'S COVENANT TO REPAIR

The Tenant's covenant to repair will extend only so far as to its undertaking not to overload any floors. The Tenant will allow the Landlord to enter the Premises at any reasonable time for the purpose of inspecting the Premises and making necessary repairs.

5.08 NOTIFICATION OF DEFECTS

The Tenant will promptly give the Landlord notice of any accident, defect or damage within the Building, Premises, systems or services for which the Landlord has an obligation under this Lease and which have come to the Tenant's attention.

ARTICLE 6 - TERMINATION AND SURRENDER

6.01 TERMINATION AND HOLDING OVER

Unless renewed pursuant to paragraph 4.09 the Term herein granted will expire by effluxion without further notice from either party to the other, provided always that in the event the Tenant will continue to occupy the Premises after the expiration of the Term and if the Landlord will accept Rent without any further written agreement, the tenancy will be a monthly tenancy at the Rent herein mentioned and on the terms and conditions herein set out except as to the length of the tenancy.

6.02 ANNEXATION OF TENANT'S FIXTURES

The Tenant and the Landlord agree that any alterations, improvements and fixtures made to or installed upon the Premises at the expense of the Tenant other than reasonably moveable fixtures will, immediately upon affixation, be deemed to be annexed to the Building and become the Landlord's repair liability under Article 5.04. Such fixtures will remain upon and be surrendered with the Premises upon the expiration or earlier termination of this Lease unless the Landlord and the Tenant otherwise agree.

6.03 SURRENDER

The Tenant will surrender the Premises at the expiration or sooner termination, of the Term, in good repair (together with such alterations and chattels as the Tenant may elect to leave if any) to the Landlord, reasonable wear and tear, damage from fire, storm, tempest and other casualty, removal of alterations and chattels only excepted, and the Tenant will not be liable to pay compensation or to make any other payment to the Landlord in respect of restoration or repair of the Premises.

ARTICLE 7 - MISCELLANEOUS

7.01 MUTUAL INDEMNITY

The Landlord and Tenant will indemnify each other against all claims, actions, causes of action, loss, damage, expense and costs, made by any person arising out of or resulting directly or indirectly and whether by reason of negligence or otherwise, from the performance, default of performance, or, remedying of any default by any party hereto of its covenants and obligations under this Lease.

7.02 NOTICES

Any notices required pursuant to the terms of this Lease will be in writing and may be delivered personally or sent by certified, registered or prepaid mail, and if so mailed will be deemed to have been given THREE (3) days following the date upon which it was mailed. Any notice given during a strike, lockout or other labour disturbance at the Post Office will be delivered and not mailed.

7.03 SAVING

Notwithstanding anything contained in this Lease to the contrary, the Landlord will not be entitled to and will not exercise any of its rights or remedies against the Tenant by reason of any default or breach of any covenant or agreement of this Lease unless and until the Landlord will first have given to the Tenant written Notice of such default, stating the nature thereof, and giving the Tenant reasonable time within which to cure the default or breach.

7.04 SET-OFF

Without restricting any right of set-off given or implied by law, the Tenant may set-off against the Rent or against any other sums payable hereunder by the Tenant to the Landlord, any amount payable by the Landlord to the Tenant hereunder or under any other leases or contracts, and, without restricting the generality of the foregoing, the Tenant may, when making payment of Rent or of any other sum, withhold any amount which is then payable to the Tenant by the Landlord under this Lease or which, by virtue of the right of set-off, may be retained by the Tenant.

7.05 NO WAIVER

The remedies of the Landlord or the Tenant under this Lease are cumulative and the exercise or non-exercise by either party of any right or remedy for the breach of any covenant or agreement herein contained, or the acceptance of any monies owing hereunder, will not be deemed to be a waiver or to alter, affect or prejudice the right or remedy to which either party may be lawfully entitled and any waiver granted in one case will not be deemed to be a waiver of any subsequent default or breach.

7.06 COVENANTS AND AGREEMENTS

All 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 provision hereof. Should any provision or provisions of this Lease be illegal or not enforceable, it or they will be considered separate and severable from the Lease and its remaining provisions as though the said illegal or unenforceable provision(s) had never been included.

7.07 ENTIRE AGREEMENT

No other stipulation, agreement or undertaking, oral or otherwise, of the parties or of their agents will be valid or enforceable unless made in writing, initialed by both parties and incorporated by reference into this Lease or attached to this Lease.

7.08 INTERPRETATION

Wherever the singular, masculine or neuter is used in this Lease that gender will be deemed to include the plural or the feminine or body politic or corporate and the respective heirs, executors, administrators, successors and assigns of the parties hereto and each of them where the context or the parties so require.

7.09 SUCCESSORS

This Lease will enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns as the case may be.

7.10 TIME OF ESSENCE

Time is of the essence of this Lease.

7.11 REDUCTION IN SPACE - DELETED

7.12 ASBESTOS

The Landlord covenants and warrants that the Premises at the commencement and throughout the Term hereof are and will be free of any asbestos material. The Tenant will notify the Landlord in writing within thirty (30) days after discovery of any failure to comply with the foregoing. Should the Landlord fail, after receipt of notice, to make correction to the reasonable satisfaction of the Tenant within the period of time specified by the Tenant, the Tenant will have the right at its option and without incurring any liability therefore either to remove and/or contain the asbestos and to deduct all costs occasioned to the Tenant as a result thereof, or to terminate this Lease at no cost to the Tenant. The rights and remedies of the Tenant in this Section are in addition to any other rights and remedies provided by law and this Agreement.

7.13 GOODS AND SERVICES TAX CERTIFICATION CLAUSE – DELETED

IN WITNESS WHEREOF the duly authorized signatories of the Tenant and the Landlord have executed this Agreement as of the date set out above.

LANDLORD:

Magnetic Lunch Holdings Ltd.

By: Geoff Hughes, Geoff Hughes, Owner
Sign, Print Name and Title
I have the authority to bind the Landlord

By: Steve Hughes, Steve Hughes, Director
Sign, Print Name and Title
I have the authority to bind the Landlord

TENANT:

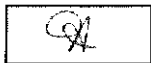
**HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF BRITISH COLUMBIA,
by the Minister of Citizens' Services
or the Minister's authorized representative:**

John Marsh

SCHEDULE "A"

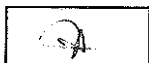
LEGAL DESCRIPTION

Lot 2, Section 9, Lake District, Plan 4251.



SCHEDULE "B"

(A) ITEM	(B) To Be Provided by Landlord, Cost Included in Annual Base Rent	(C) To Be Provided by Landlord, Cost Borne by Tenant	(D) To Be Provided by Tenant, Cost Borne by Tenant	(E) Does Not Apply
CLEANING – Common Area				
Janitorial Service and Supplies				X
Window Cleaning Interior				X
Window Cleaning Exterior				X
CLEANING – Premises				
Janitorial Service and Supplies			X	
Window Cleaning Interior			X	
Window Cleaning Exterior			X	
GROUND				
Maintenance of Common Area		X		
Snow Removal		X		
Redecoration and Refurbishment of Common Area		X		
HVAC				
Minor HVAC Repairs		X		
ELEVATOR				
Minor Elevator Repairs				X
ELECTRICAL				
Lamp and Tube Replacement-Premises			X	
Lamp and Tube Replacement-Common Areas				X
NON-ENERGY UTILITIES				
Garbage Removal		X		
Water and Sewage		X		
Recycling Program			X	
FUELS				
Heating and Cooling – Premises			X	
Heating and Cooling – Common Areas				X
ELECTRICITY				
Electricity- Premises			X	
Electricity – Common Area				X
PARKING				
Parking Rent	X			
INSURANCE				
Fire and Extended Coverage Perils P.L. and P.D.		X		
Tenant Improvements				X
TAXES				
Taxes		X		
TENANT IMPROVEMENTS				
Tenant Improvements (Schedule G)				X
Maintenance of Tenant Improvements			X	
MANAGEMENT AND ADMIN				
Management and Admin				X
SECURITY SYSTEMS				
Building Systems – Equipment and Monitoring			X	
Premises – Equipment and Monitoring			X	
FIRE AND SAFETY				
Building		X		
Premises			X	



PARKING

Available to the Tenant 24 hours/day. 7 days/week		
	# of Stalls	\$/month each
Designated	4	\$0.00*
Random		
Secured		

*Included in Rent



SCHEDULE "C"

LANDLORD'S SERVICES

In accordance with the provision of Article 4.04 and Schedule "B" of this Lease, the Landlord covenants to supply the following specified services:

ELECTRICAL, MECHANICAL & PLUMBING INSTALLATIONS

The provision of all utilities and separate male and female washrooms appropriate to the Premises and its use and the regular and proper maintenance of all electrical (including lamp fixture ballasts), mechanical and plumbing installations in the Building and necessary for their adequate operation.

HEATING, VENTILATION & AIR CONDITIONING AND LIGHTING SYSTEMS

For leases procured with Tenant's Request for Proposal (RFP) or Designers Handbook documents, provide and maintain indoor environmental and lighting conditions as defined in the documents. The indoor environmental and lighting criteria of the original documents will apply to any lease renewal of the premise.

For leases procured without the RFP or Designers Handbook documents, provide and maintain indoor environmental and lighting conditions in accordance with the current Workers Compensation Board Occupational Health and Safety Regulation and with the following minimum indoor environmental conditions for occupied office areas:

- Space temperatures 21deg. C when heating and 26deg. C when cooling, at relative humidities between 20% and 60%.
- Air velocities will not exceed 0.15 metres/second (30ft.min) when heating and 0.25 metres/second (50ft/min) when cooling.

Provide cleaning and maintenance of all lighting fixtures. ~~and installation of such new tubes and bulbs as may be required.~~

HOT & COLD WATER

The provision of an adequate hot and cold water supply to the Building.

CLEANING & SUPPLIES

~~The regular and effective cleaning of the exterior of the Building, and its windows, the interior common areas and lobbies and washrooms in joint use with any other occupants together with the maintenance of proper and adequate supplies for those washrooms, plus the janitorial services, if any, detailed in the Supplement to this Schedule "C", and further clarified by the Tenant's cleaning standards, a copy of which is available upon request.~~

REDECORATION & REFURBISHMENT

The maintenance of a regular program of redecoration and refurbishment of the Premises and all public and common areas.

REFUSE DISPOSAL

The proper sanitary storage and weekly/daily disposal of all refuse.

ELEVATOR - DELETED

EMERGENCY FACILITIES

The regular and proper maintenance and testing of all emergency installations, including the maintenance of fire extinguishers, clear exit corridors and stairs, closure of fire doors and the institution of regular emergency drills.

SECURITY

The provision and maintenance of suitable security for the Building, including, where warranted, a manned service.

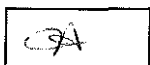
MAINTAIN GROUNDS, COMPOUNDS AND CAR PARK AREAS

The regular and proper maintenance of landscaping, outside furniture and paved surfaces of the Building including the removal of snow from walks, driveways, and parking areas, and the effective control of the use of designated parking areas.

SCHEDULE "D"

TENANT IMPROVEMENTS

Not Applicable.



SCHEDULE "E"

ADDITIONAL CLAUSES

Not Applicable.



INDENTURE OF LEASE

BETWEEN

ROYALTA HOLDINGS LTD.
4864 Stormtide Way
Victoria, British Columbia
V8Y 2R7

OF THE FIRST PART
(Landlord)

and



HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA, as represented
by the Minister of Citizens' Services
PO BOX 9412, STN PROV GOVT
W311 - 4000 SEYMOUR PLACE
VICTORIA BC V8W 9V1

OF THE SECOND PART
(Tenant)

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STANDARD FORM LEASE

THIS LEASE made in triplicate this 24th day of March 2011,

BETWEEN

ROYALTA HOLDINGS LTD.

4864 Stormtide Way
Victoria, British Columbia
V8Y 2R7

(hereinafter referred to as the "Landlord")

OF THE FIRST PART

AND

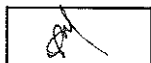


HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA, as represented
by the Minister of Citizens' Services
PO BOX 9412, STN PROV GOVT
W311 - 4000 SEYMOUR PLACE
VICTORIA BC V8W 9V1

(hereinafter referred to as the "Tenant")

OF THE SECOND PART

In consideration of the covenants, agreements and conditions herein contained, the parties agree as follows:



ARTICLE 1 - PREMISES AND TERM

1.01 DEMISE

The Landlord demises and leases to the Tenant the Premises, as more particularly described and outlined in Schedule "A" attached hereto, comprising an area of **2,000** square feet, more or less, located on the following floor(s):

2,000 square feet on the **Main** floor;
of that Building situated at **924 Ellery Street, Victoria, British Columbia**

(Municipal/civic address)

1.02 HABENDUM AND COMMENCEMENT

To have and to hold the Premises for and during the Term of **Five (5)** year(s) from the Commencement Date. If the Landlord is not able to deliver the Premises on the Commencement Date, then this Lease may forthwith at the Tenant's sole discretion, be terminated and any monies paid by the Tenant to the Landlord will be forthwith refunded without any deduction or set-off.

ARTICLE 2 - DEFINITIONS

2.01 BASE YEAR (OPERATING COSTS) - DELETED

2.02 BASE YEAR (TAXES) - DELETED

2.03 BUILDING

"Building" means the land and building of which the Premises form a part.

2.04 COMMENCEMENT DATE

"Commencement Date" will be the later of:


- a) **First day of April, 2011; OR**
- b) **DELETED**

2.05 MUNICIPAL TAXES



"Municipal Taxes" means the substantiated aggregate of all property, utility and local improvement taxes or similar charges, duties, rates and assessments save and except business, machinery and equipment taxes charged or levied by any lawful authority against the Building. The Tenant will not be responsible for increases in the Municipal Taxes resulting from additions or improvements made to the Building by persons other than the Tenant or not requested by the Tenant.

2.06 OPERATING COSTS

"Operating Costs" means the substantiated direct cost to the Landlord of ordinary non-capital expenditures incurred only in connection with the operation of the Building as itemized in column (b) of Schedule "B" attached hereto, and the costs of services provided by the Landlord but paid for by the Tenant as itemized in column (c) of the said Schedule "B", including, as the context may require, costs for:

- (1) preventative servicing and minor repairs of the heating, ventilating and air-conditioning (HVAC) system;
- (2) water and sewer rates;
- (3) electric power, save and except for power factor surcharges;
- (4) heating;
- (5) snow and garbage removal;
- (6) landscaping and common area maintenance;
- (7) cleaning and maintenance of the interior of the Building;
- (8) ~~preventative servicing and minor repair of elevator(s);~~ 

and excluding costs for:

- (i) maintenance of parking lot;
- (ii) other maintenance of ~~elevator(s)~~ , HVAC, mechanical, electrical, plumbing and utility systems;
- (iii) ~~security services;~~ 
- (iv) structural maintenance and repairs, including plate glass replacement;

Amounts normally charged to depreciation, interest on debt or capital retirement of debt, and all Landlord oriented operating costs, such as management, legal, accounting and rental agent fees will not be included in calculating Operating Costs.

2.07 PREMISES

"Premises" means the area of approximately **2,000** square feet, of which
2,000 square feet is located on the **Main** floor;

as may be more particularly indicated in a distinguishing colour on the plan of that portion of the Building which is outlined in red and attached to Schedule "A".

2.08 PROPORTIONATE SHARE

"Proportionate Share" means a fraction, the numerator of which represents the Premises and the denominator of which is the Total Rentable Area of the Building, which areas will be determined according to the standard method of measurement approved at the time of execution hereof by the Building Owners and Managers Association International, and which is **100%**. In the event that the Building may be subject to multiple-purpose tenancies, due weight and consideration will be given to the use and benefits derived or being derived by respective classes of tenancies in ascribing the proportionate share factor to the Premises.

2.09 TENANT IMPROVEMENTS

"Tenant Improvements" means the improvements to be made to the Premises as may be more particularly set forth in Schedule "D" attached hereto.

2.10 TERM

"Term" means the period of time described in paragraph 1.02 and will be construed, if necessary, to include any term resulting from the exercise of the option to renew in paragraph 4.09.

2.11 TERM YEAR

"Term Year" means a **ONE (1)** year period commencing on the Commencement Date and running one full year thereafter and each subsequent one year period thereafter until termination.

2.12 TOTAL RENTABLE AREA

"Total Rentable Area" means the aggregate of all areas in the Building which are rented or available for rental and which is **2,000** square feet.

ARTICLE 3 - RENT AND OTHER CHARGES

3.01 RENT

The Tenant will pay to the Landlord. Rent over the whole of the Term. of S 17
S 17 dollars S 17 payable in
advance in equal monthly installments at the first of each and every month during the **first
and second years of the Term of** S 17
S 17 dollars S 17 **and during the third and fourth years of the Term of** S 17
S 17 dollars S 17 **and during the fifth year of the Term of**
S 17 dollars S 17 commencing either with
the Commencement Date or on the first day of the first month following completion of the
execution of the Lease by all the parties thereto, together with any retro-active payments
that may be necessary flowing from the Commencement Date. The Rent for the Premises
is at the rate of S 17 per square foot per year for the **first and second years of the
Lease Term and** S 17 **per square foot per year for the third and fourth years of the
Lease Term and** S 17 **per square foot per year for the fifth year of the Lease Term.**
In no event will the Tenant be responsible for any escalation in the Rent or in any other
amounts to be payable by the Tenant hereunder in the first year of the Term.

3.02 TAXES

- (A) TAXES INCLUDED IN RENT - DELETED
- (B) TAX ESCALATION OVER BASE YEAR - DELETED
- (C) PROPORTIONATE SHARE OF TAXES

In accordance with column (c) of Schedule "B", within ONE HUNDRED AND EIGHTY (180) days next following the due date for the payment of taxes for a tax year, the Landlord will forward to the Tenant a copy of the receipted tax bills for such tax year, along with a calculation of the Tenant's Proportionate Share thereof. Within THIRTY (30) days of such receipt, the Tenant will pay its Proportionate Share of the Municipal Taxes. If only a part of the relevant tax period be included in the Term, there will be an apportionment of the Proportionate Share of the Municipal Taxes for such year. **The Landlord and the Tenant agree that the Landlord's reasonable estimate for Taxes for the first year of the Term is**
S 17 per square foot.

3.03 OPERATING COSTS

- (A) OPERATING COSTS INCLUDED IN RENT - DELETED
- (B) OPERATING COSTS ESCALATION OVER BASE YEAR - DELETED
- (C) PROPORTIONATE SHARE OF OPERATING COSTS

The Tenant will also pay annually to the Landlord a Proportionate Share of the Operating Costs as identified in column (c) of Schedule "B". If the Tenant is the sole tenant in the Building, receipted invoices may be submitted as documentation for the amounts claimed. If there be other tenants in the Building, the Landlord will substantiate the amount required to be paid by the Tenant hereunder on the basis of certified statements supported, upon Tenant's request, by appropriate receipted invoices. All such claims must be submitted within ONE HUNDRED AND EIGHTY (180) days from the end of the Term Year to which they apply, and will be paid by the Tenant within SIXTY (60) days of receipt. **The Landlord and the Tenant agree that the Landlord's reasonable estimate for Operating Costs for the first year of the Term is \$ 17 per square foot.**

3.04 RECORDS

During the term of this Lease, as the same may be renewed, and for a period of not less than TWENTY-FOUR (24) months after the expiration or sooner determination of the said Term,

- a) the Landlord will, keep and maintain full and complete records of expenses and costs incurred for the Building and the Premises together with proper records of all tender calls, quotations, contracts, correspondence, invoices, receipts and vouchers relating thereto; and
- b) at all reasonable times and from time to time the Landlord will make all such records available to the Tenant, or to persons acting on its behalf, for inspection and audit and for the purpose of making copies thereof and taking extracts therefrom and will furnish to such persons any and all information which they may require from time to time in connection therewith.

3.05 ESTOPPEL

If, within TWELVE (12) calendar months of the conclusion of each year, or any period for which an accounting under paragraphs 3.02 and 3.03 may have been due, the Landlord does not give an itemized and specific notice to the Tenant of any amounts payable by the Tenant, the Landlord will be estopped from demanding payment therefore and in pursuing any remedies available to the Landlord for said amounts.

ARTICLE 4 - GENERAL COVENANTS

4.01 QUIET ENJOYMENT

The Landlord covenants with the Tenant for quiet enjoyment.

4.02 USE OF PREMISES

The Tenant may use the Premises for its own purposes or to provide accommodation for agencies of the Provincial Government, Provincial Crown Corporations, ministries or agencies of the Federal Government, municipalities, regional districts and other similarly publicly funded bodies and their agents or agencies, corporate or otherwise, ~~and for private sector tenants~~, and the Landlord warrants that the Premises are suitable for such purposes, and will be free from any offensive or objectionable odours, vermin or noise.

4.03 ACCESS

The Tenant, its sub-tenants and their respective servants, agents, employees, licensees and invitees will have the right in common with other occupants of the Building to pass, repass and utilize all common areas including corridors, lobbies, washrooms, stairways, elevators and passages and over the lands of the Building for the purposes of ingress, egress and full enjoyment of the Premises, parking and other facilities in use by the Tenant.

4.04 LANDLORD'S OBLIGATIONS

The Landlord will promptly pay all Municipal Taxes levied against the Building, together with all fuel, utility and other charges, of any nature whatsoever, for which the Landlord is responsible. The Landlord will maintain the Building at those standards specified in the current Workers' Compensation Board Occupational Health and Safety Regulations and all amendments thereto and all successor regulations, and also to provide and pay for the further Landlord's services set down in Schedule "C" and Supplement(s) to this Lease.

4.05 COMPLY WITH LAWS

The Landlord will comply at all times during the Term hereof with all laws, statutes, by-laws, ordinances, regulations or other lawful requirements of any governmental authority having jurisdiction, and the Landlord warrants and covenants that the Premises comply now and will comply during the term with such laws and regulations.

4.06 ALTERATIONS

The Tenant will be able, with the prior written consent of the Landlord, (which consent will not be unreasonably withheld or delayed) to make such alterations or additions to the Premises as it may from time to time request in writing and as are required for the conduct of its business. If the Landlord does not respond within THIRTY (30) days to such a request, consent will be deemed to have been given.

4.07 NOTIFICATION OF SALE OR ASSIGNMENT AND ACKNOWLEDGEMENT

If at any time during the Term hereof the Building or the Landlord's interest therein or in this Lease will be assigned, mortgaged or sold to any third party, the Landlord will, within FOURTEEN (14) days following the execution and delivery by the Landlord of any assignment or documents of mortgage or sale, deliver to the Tenant a notice in writing of the making of such assignment, mortgage or sale and the effective date thereof and will obtain an agreement from the assignee, mortgagee or purchaser, as the case may be, acknowledging and confirming the Rent, the Term and the other covenants, obligations and conditions of this Lease.

4.08 DIRECTIONS AS TO EMERGENCY AND PAYMENTS

(a) In case of emergency the Landlord designates **Ken Mickelberry**, telephone number ~~(250) 652-5550~~ as his representative, and the Tenant designates **BLJC Workplace Solutions Inc.**, telephone number **1-877-222-3112** as its representative.

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(b) Until further written notice the Landlord designates **Royalta Holdings Ltd.**, 4864 Stormtide Way, Victoria, B.C., V8Y 2R7 as the recipient for Rent and other amounts payable under the Lease.

4.09 OPTION TO RENEW

(a) Commencing on the expiration of the Term hereof, the Tenant may renew this Lease for an additional term of **five (5) years** (hereinafter called the "Renewal Term")

(i) **DELETED**

(ii) **DELETED**

(iii) at a Rent to be negotiated at the time of renewal and before the expiration of the Term and otherwise upon the same terms and conditions as contained herein, save that of further renewal. If the parties hereto can not agree upon the Rent before the expiration of the Term, the parties agree to resort to binding arbitration in accordance with the provisions of the Commercial Arbitration Act, R.S.B.C. 1996, c.55, and will be predicated upon the current market value rentals for comparable space, and disregarding in the ascertainment of the new rental rate improvements made to the Premises by or at the expense of the Tenant.

(b) The Tenant may exercise this option to renew only by delivering or mailing to the Landlord by registered mail written notice of its intention to exercise such option not later than **THREE (3) months** immediately preceding the last day of the Term.

4.10 SUBLETTING

The Landlord covenants and agrees that the Tenant may sublet or license the Premises, either in whole or in part, without the consent of the Landlord, to agencies of the Provincial Government, Provincial Crown Corporations, ministries or agencies of the Federal Government, municipalities, regional districts and other similar publicly funded bodies and their agents or agencies ~~and to private sector tenants~~ for the purposes contemplated in paragraph 4.02. The Tenant may not otherwise sublet or licence the Premises without the prior written consent of the Landlord. Notwithstanding any such sublease or licence, the Tenant will remain bound to the Landlord for the fulfillment of all the terms of this Agreement.

ARTICLE 5 - INSURANCE, REPAIRS AND DEFAULT

5.01 LANDLORD'S COVENANT TO INSURE

The Landlord will, without limiting its obligations or liabilities herein and at its own expense, provide and maintain the following insurances with insurers licensed in British Columbia or Canada and in forms and amounts acceptable to the Tenant:

- (a) "all risks" property insurance, including earthquake coverage if such coverage is available at a cost that a prudent owner would pay therefore, and coverage for sprinkler leakage and other water damage, on the Building (including the Tenant Improvements) in an amount that is not less than the full replacement cost of the Building, together with boiler and machinery insurance (which will include loss of use and loss or damage caused by rupture of steam pipes) in respect of all boilers and other pressure vessels within or forming part of the Building, in such amounts and with such deductibles as are normally effected by reasonably prudent owners of properties similar to the Building (for the purposes of this paragraph, replacement costs will be determined by the Landlord acting reasonably at the time the insurance is initially obtained and will thereafter be determined by the Landlord at least once every 12 months, and the Landlord will promptly notify the Tenant in writing of each such determination, it being the intention of the parties that in the event of any damage or destruction to the Building, sufficient insurance funds will be available to repair or rebuild the Building to the then required governmental standards). Each and every policy of property insurance maintained by the Landlord will provide for a waiver of the insurer's right of subrogation against the Tenant and its subtenants and licensees and those for whom each of the Tenant and its subtenants and licensees is or are responsible in law; and
- (b) Commercial General Liability in an amount not less than \$3,000,000 inclusive per occurrence insuring against bodily injury, personal injury, property damage and liability assumed under contract. The Tenant is to be an additional insured under this insurance and this insurance will be endorsed to provide the Tenant with 30 days advance written notice of cancellation or material change. This insurance must include a cross liability and severability of interest clauses.



All the foregoing insurance will be primary and not require the sharing of any loss by any insurer of the Tenant. The Landlord will provide the Tenant with evidence of all required insurance prior to the commencement of the services, and from time to time as requested by the Tenant, in the form of a completed Province of British Columbia Certificate of Insurance. When requested by the Tenant, the Landlord will provide certified copies of required insurance policies.

5.02 TENANT NOT TO AFFECT INSURANCE

The Tenant will not do or permit anything to be done which causes the Landlord's cost of insuring the Building to increase. Any increase in insurance costs to the Landlord resulting from a breach of this covenant will be borne by the Tenant.

5.03 LANDLORD TO ENSURE OTHER TENANTS WILL NOT AFFECT INSURANCE

The Landlord will ensure that any and all tenants of space within the Building during the term hereof will be bound by a covenant identical in its effect to that covenant contained in Article 5.02. In the absence of such covenant, the Landlord will hold the Tenant herein safe and harmless from any resulting increase in the cost of insuring the Building.

5.04 LANDLORD'S COVENANT TO REPAIR

The Landlord covenants at its sole cost and expense, subject to the provisions of Article 5.05, to maintain the Building and its HVAC, mechanical, electrical, plumbing and utility systems in good repair and operating condition, and upon receipt of written notice from the Tenant, to remedy promptly any defects in the Building and its systems.

5.05 REPAIR IN THE EVENT OF DAMAGE

If the Premises are damaged by fire or any other hazard such that the Premises are rendered untenable or convenient access is prevented, then if such damage is capable of repair within **ONE HUNDRED EIGHTY (180)** days the Landlord will, within **THIRTY (30)** days of the occurrence of the damage, initiate that repair and forthwith allow an abatement of the Rent which recognizes the nature and extent of the damage, or inconvenience, until such time as the Premises have been rebuilt or access restored. If the Landlord does not initiate the restoration of the Premises or access within the said **THIRTY (30)** days, or having commenced the restoration, does not proceed to complete it with reasonable dispatch, then the Tenant may give the Landlord **FOURTEEN (14)** days notice and thereafter may terminate this Lease forthwith. If the damage is severe enough to preclude the reoccupation of the Premises by the Tenant for a period in excess of **ONE HUNDRED EIGHTY (180)** days, either party may, within **THIRTY (30)** days of the occurrence of the damage, serve notice upon the other of the immediate termination of this Lease.

5.06 TENANT'S RIGHT TO PERFORM

If the Tenant delivers to the Landlord written notice of default in any of the services to be provided by the Landlord hereunder, and the Landlord fails to remedy such default:

- (a) within SEVENTY-TWO (72) hours from and after delivery of such written notice; or
- (b) within such period less than SEVENTY-TWO (72) hours from and after delivery of such written notice as will ensure that the Tenant suffers no loss or damage if, by reason of the nature of such default, the Tenant may reasonably be expected to suffer loss or damage if such default is not remedied within a period less than SEVENTY-TWO (72) hours,

then and in any and every such event, the Tenant may without further notice to the Landlord take such steps as may, in the sole judgement of the Tenant, be necessary to remedy such default, and without limiting any of the Tenant's remedies at law or in equity, all costs incurred by the Tenant in remedying any such default of the Landlord will be charged to and paid by the Landlord and, if the Landlord fails to pay such cost on demand, the Tenant will be entitled either to deduct the same from the Rent or any other amounts payable hereunder by the Tenant to the Landlord, or to withhold the payment of Rent or any other amounts payable to the Landlord until such time as the default will have been cured or the Tenant will have recovered all its costs in remedying the default.

5.07 TENANT'S COVENANT TO REPAIR

The Tenant's covenant to repair will extend only so far as to its undertaking not to overload any floors. The Tenant will allow the Landlord to enter the Premises at any reasonable time for the purpose of inspecting the Premises and making necessary repairs.

5.08 NOTIFICATION OF DEFECTS

The Tenant will promptly give the Landlord notice of any accident, defect or damage within the Building, Premises, systems or services for which the Landlord has an obligation under this Lease and which have come to the Tenant's attention.

ARTICLE 6 - TERMINATION AND SURRENDER

6.01 TERMINATION AND HOLDING OVER

Unless renewed pursuant to paragraph 4.09 the Term herein granted will expire by effluxion without further notice from either party to the other, provided always that in the event the Tenant will continue to occupy the Premises after the expiration of the Term and if the Landlord will accept Rent without any further written agreement, the tenancy will be a monthly tenancy at the Rent herein mentioned and on the terms and conditions herein set out except as to the length of the tenancy.

6.02 ANNEXATION OF TENANT'S FIXTURES

The Tenant and the Landlord agree that any alterations, improvements and fixtures made to or installed upon the Premises at the expense of the Tenant other than reasonably moveable fixtures will, immediately upon affixation, be deemed to be annexed to the Building and become the Landlord's repair liability under Article 5.04. Such fixtures will remain upon and be surrendered with the Premises upon the expiration or earlier termination of this Lease unless the Landlord and the Tenant otherwise agree.

6.03 SURRENDER

The Tenant will surrender the Premises at the expiration or sooner termination, of the Term, in good repair (together with such alterations and chattels as the Tenant may elect to leave if any) to the Landlord, reasonable wear and tear, damage from fire, storm, tempest and other casualty, removal of alterations and chattels only excepted, and the Tenant will not be liable to pay compensation or to make any other payment to the Landlord in respect of restoration or repair of the Premises.

ARTICLE 7 - MISCELLANEOUS

7.01 MUTUAL INDEMNITY

The Landlord and Tenant will indemnify each other against all claims, actions, causes of action, loss, damage, expense and costs, made by any person arising out of or resulting directly or indirectly and whether by reason of negligence or otherwise, from the performance, default of performance, or, remedying of any default by any party hereto of its covenants and obligations under this Lease.

7.02 NOTICES

Any notices required pursuant to the terms of this Lease will be in writing and may be delivered personally or sent by certified, registered or prepaid mail, and if so mailed will be deemed to have been given THREE (3) days following the date upon which it was mailed. Any notice given during a strike, lockout or other labour disturbance at the Post Office will be delivered and not mailed.

7.03 SAVING

Notwithstanding anything contained in this Lease to the contrary, the Landlord will not be entitled to and will not exercise any of its rights or remedies against the Tenant by reason of any default or breach of any covenant or agreement of this Lease unless and until the Landlord will first have given to the Tenant written Notice of such default, stating the nature thereof, and giving the Tenant reasonable time within which to cure the default or breach.

7.04 SET-OFF

Without restricting any right of set-off given or implied by law, the Tenant may set-off against the Rent or against any other sums payable hereunder by the Tenant to the Landlord, any amount payable by the Landlord to the Tenant hereunder or under any other leases or contracts, and, without restricting the generality of the foregoing, the Tenant may, when making payment of Rent or of any other sum, withhold any amount which is then payable to the Tenant by the Landlord under this Lease or which, by virtue of the right of set-off, may be retained by the Tenant.

7.05 NO WAIVER

The remedies of the Landlord or the Tenant under this Lease are cumulative and the exercise or non-exercise by either party of any right or remedy for the breach of any covenant or agreement herein contained, or the acceptance of any monies owing hereunder, will not be deemed to be a waiver or to alter, affect or prejudice the right or remedy to which either party may be lawfully entitled and any waiver granted in one case will not be deemed to be a waiver of any subsequent default or breach.

7.06 COVENANTS AND AGREEMENTS

All 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 provision hereof. Should any provision or provisions of this Lease be illegal or not enforceable, it or they will be considered separate and severable from the Lease and its remaining provisions as though the said illegal or unenforceable provision(s) had never been included.

7.07 ENTIRE AGREEMENT

No other stipulation, agreement or undertaking, oral or otherwise, of the parties or of their agents will be valid or enforceable unless made in writing, initialed by both parties and incorporated by reference into this Lease or attached to this Lease.

7.08 INTERPRETATION

Wherever the singular, masculine or neuter is used in this Lease that gender will be deemed to include the plural or the feminine or body politic or corporate and the respective heirs, executors, administrators, successors and assigns of the parties hereto and each of them where the context or the parties so require.

7.09 SUCCESSORS

This Lease will enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns as the case may be.



7.10 TIME OF ESSENCE

Time is of the essence of this Lease.

7.11 REDUCTION IN SPACE - DELETED

7.12 ASBESTOS

The Landlord covenants and warrants that the Premises at the commencement and throughout the Term hereof are and will be free of any asbestos material. The Tenant will notify the Landlord in writing within thirty (30) days after discovery of any failure to comply with the foregoing. Should the Landlord fail, after receipt of notice, to make correction to the reasonable satisfaction of the Tenant within the period of time specified by the Tenant, the Tenant will have the right at its option and without incurring any liability therefore either to remove and/or contain the asbestos and to deduct all costs occasioned to the Tenant as a result thereof, or to terminate this Lease at no cost to the Tenant. The rights and remedies of the Tenant in this Section are in addition to any other rights and remedies provided by law and this Agreement.

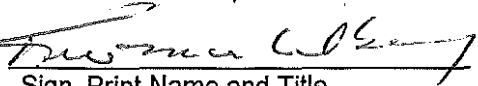
7.13 GOODS AND SERVICES TAX CERTIFICATION CLAUSE - DELETED



IN WITNESS WHEREOF the duly authorized signatories of the Tenant and the Landlord have executed this Agreement as of the date set out above.

LANDLORD:

ROYALTA HOLDINGS LTD.

By: 
Sign, Print Name and Title
I have the authority to bind the Landlord

*K.W. Mckenzen
Pres.*

By: _____
Sign, Print Name and Title
I have the authority to bind the Landlord

TENANT:

**HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF BRITISH COLUMBIA,
by the Minister of Citizens' Services
or the Minister's authorized representative:**



SCHEDULE "A"

LEGAL DESCRIPTION

Lot 7, Section 10, Esquimalt District, Plan 1137



SCHEDULE "B"

(A) ITEM	(B) To Be Provided by Landlord, Cost Included in Annual Base Rent	(C) To Be Provided by Landlord, Cost Borne by Tenant	(D) To Be Provided by Tenant, Cost Borne by Tenant	(E) Does Not Apply
CLEANING – Common Area				
Janitorial Service and Supplies				X
Window Cleaning Interior				X
Window Cleaning Exterior				X
CLEANING – Premises				
Janitorial Service and Supplies			X	
Window Cleaning Interior			X	
Window Cleaning Exterior			X	
GROUND				
Maintenance of Common Area			X	
Snow Removal			X	
Redecoration and Refurbishment of Common Area			X	
HVAC				
Minor HVAC Repairs			X	
ELEVATOR				
Minor Elevator Repairs				X
ELECTRICAL				
Lamp and Tube Replacement-Premises			X	
Lamp and Tube Replacement-Common Areas				X
NON-ENERGY UTILITIES				
Garbage Removal			X	
Water and Sewage			X	
Recycling Program			X	
FUELS				
Heating and Cooling – Premises			X	
Heating and Cooling – Common Areas				X
ELECTRICITY				
Electricity- Premises			X	
Electricity – Common Area				X
PARKING				
Parking Rent	X			
INSURANCE				
Fire and Extended Coverage Perils P.L. and P.D.		X		
Tenant Improvements				X
TAXES				
Taxes		X		
TENANT IMPROVEMENTS				
Tenant Improvements (Schedule G)				X
Maintenance of Tenant Improvements			X	
MANAGEMENT AND ADMIN				
Management and Admin				X
SECURITY SYSTEMS				
Building Systems – Equipment and Monitoring			X	
Premises – Equipment and Monitoring			X	
FIRE AND SAFETY				
Building			X	
Premises			X	

PARKING

Parking Type	Provider	# of Stalls	\$ per stall per Month	Underground	Start Date	End Date
Random	LI	3	\$0.00	N	2011-04-01	2016-03-31

HVAC

The Heating, Ventilating and Air-Conditioning system maintenance will be the responsibility of the Tenant. It is agreed that minor maintenance and repair of HVAC excludes the replacement of the heat exchanger, compressors, damper motors, electric motors or major components of the system.

SCHEDULE "C"

LANDLORD'S SERVICES

In accordance with the provision of Article 4.04 and Schedule "B" of this Lease, the Landlord covenants to supply the following specified services:

ELECTRICAL, MECHANICAL & PLUMBING INSTALLATIONS

The provision of all utilities and separate male and female washrooms appropriate to the Premises and its use and the regular and proper maintenance of all electrical (including lamp fixture ballasts), mechanical and plumbing installations in the Building and necessary for their adequate operation.

HEATING, VENTILATION & AIR CONDITIONING AND LIGHTING SYSTEMS

For leases procured with Tenant's Request for Proposal (RFP) or Designers Handbook documents, provide and maintain indoor environmental and lighting conditions as defined in the documents. The indoor environmental and lighting criteria of the original documents will apply to any lease renewal of the premise.

For leases procured without the RFP or Designers Handbook documents, provide and maintain indoor environmental and lighting conditions in accordance with the current Workers Compensation Board Occupational Health and Safety Regulation and with the following minimum indoor environmental conditions for occupied office areas:

- Space temperatures 21deg. C when heating and 26deg. C when cooling, at relative humidities between 20% and 60%.
- Air velocities will not exceed 0.15 metres/second (30ft.min) when heating and 0.25 metres/second (50ft/min) when cooling.

Provide cleaning and maintenance of all lighting fixtures and installation of such new tubes and bulbs as may be required.

HOT & COLD WATER

The provision of an adequate hot and cold water supply to the Building.

CLEANING & SUPPLIES

~~The regular and effective cleaning of the exterior of the Building and its windows, the interior common areas and lobbies and washrooms in joint use with any other occupants together with the maintenance of proper and adequate supplies for those washrooms, plus the janitorial services, if any, detailed in the Supplement to this Schedule "C", and further clarified by the Tenant's cleaning standards, a copy of which is available upon request.~~

REDECORATION & REFURBISHMENT

~~The maintenance of a regular program of redecoration and refurbishment of the Premises and all public and common areas.~~

REFUSE DISPOSAL

~~The proper sanitary storage and weekly/daily disposal of all refuse.~~

ELEVATOR - DELETED

EMERGENCY FACILITIES

~~The regular and proper maintenance and testing of all emergency installations, including the maintenance of fire extinguishers, clear exit corridors and stairs, closure of fire doors and the institution of regular emergency drills.~~

SECURITY

~~The provision and maintenance of suitable security for the Building, including, where warranted, a manned service.~~

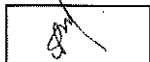
MAINTAIN GROUNDS, COMPOUNDS AND CAR PARK AREAS

~~The regular and proper maintenance of landscaping, outside furniture and paved surfaces of the Building including the removal of snow from walks, driveways, and parking areas, and the effective control of the use of designated parking areas.~~

SCHEDULE "D"

TENANT IMPROVEMENTS

Not Applicable



SCHEDULE "E"

ADDITIONAL CLAUSES

LANDLORD'S WORK:

The Landlord, at the Landlord's sole expense, to complete the following:

1. Knock out the sunken pavement in the driveway by the drains, re-compact with proper material and repave.
2. Replace existing T-12 light fixtures with T-8 light fixtures.

The Landlord is to complete such work outside of normal business hours, or as otherwise agreed by the Tenant's Service Provider.

The above work is to be completed prior to April 30, 2011, to the satisfaction of the Tenant's Service Provider—BLJC—Workplace Solutions Inc.

INDENTURE OF LEASE

Lease No. L4391

BETWEEN

Insurance Corporation of British Columbia
204 – 151 West Esplanade
North Vancouver, British Columbia
V7M 3H9

**OF THE FIRST PART
(Landlord)**

AND



HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF BRITISH COLUMBIA, as
represented by the Minister of Citizens'
Services

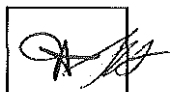
**OF THE SECOND PART
(Tenant)**

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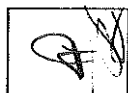


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LEASE

THIS LEASE dated for reference October 27th, 2009.

BETWEEN

Insurance Corporation of British Columbia
204 – 151 West Esplanade
North Vancouver, British Columbia
V7M 3H9

OF THE FIRST PART

AND



HER MAJESTY THE QUEEN IN RIGHT OF
THE PROVINCE OF BRITISH COLUMBIA, as
represented by the Minister of Citizens' Services

(the "Tenant")

OF THE SECOND PART

WHEREAS:

- A. The Landlord is the registered owner of the Land (as defined in Schedule B) upon which the Building (as defined in Schedule B) is or will be situated.
- B. The Landlord has agreed to lease a portion of the Building upon the terms and conditions hereinafter set forth.

Therefore, in consideration of the rents, covenants, agreements and conditions contained herein, the parties agree as follows:

**ARTICLE 1
BASIC TERMS, SCHEDULES AND DEFINITIONS**

1.1 BASIC TERMS

- (a) Landlord: Insurance Corporation of British Columbia
- Address of Landlord: 204 – 151 West Esplanade
North Vancouver, British Columbia
V7M 3H9
- Address for Service (if
different than that set
out immediately
above):
- Facsimile No.:
- (b) Tenant: HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA, as represented
by the Minister of Citizens' Services
- Address of Tenant: 3350 Douglas Street
Victoria, British Columbia
V8Z 3L1
- Facsimile No.: 250 952-8288
- (c) Land: Lot 1, Section 7, Victoria District, Plan 33914
- Municipal Address: 3300 Douglas Street.
Saanich, British Columbia
- Total Rentable Area: Approximately 18,342 square feet
- (d) Premises: That portion of the Building shown outlined in red or in
heavy black on Schedule A and located on the Ground
floor(s) of the Building
- (e) Rentable Area of
Premises: Approximately 18,342 square feet of which 11,740
square feet of office space is located on the ground
floor of the Building, and 6,602 square feet of drive-
through (tube) space is located on the ground floor of
the Building.
- (f) Term: Five (5) year(s) and such additional days as are
required in order for the Term to end on the last day of
the month in which the fifth (5th) anniversary of the



Commencement Date occurs.

(g) Commencement Date: The 1st day of September, 2010.

(h) Annual Base Rent:

Type of Space	Term In Years	\$ per square foot of Rentable Area per annum	Annual Payment	Monthly Payment
Office	1			
Office	2			
Office	3			
Office	4			
Office	5			
Drive-Through (tube) space	1		S 17	
Drive-Through (tube) space	2			
Drive-Through (tube) space	3			
Drive-Through (tube) space	4			
Drive-Through (tube) space	5			

(i) Rent Commencement Date: The 1st day of September, 2010.

(j) Base Year (Taxes): - DELETED

(k) Base Year (Operating Costs): - DELETED

(l) Tenant's Share of Operating Costs for first Term Year: Estimated at S 17 per square foot of the Premises.

(m) Renewal Terms: Two (2) Renewal terms of Five (5) years and Five (5) years respectively.

(n) Parking:

# of Stalls	Start Date	End Date
87	2010-09-10	2015-08-31

(o) Landlord's Designated Payee: Insurance Corporation of British Columbia

Address of Payee: 204 – 151 West Esplanade
North Vancouver, British Columbia
V7M 3H9

(p) Landlord's Property Management Representative: Gordon Smith and / or Brian Stonnell

Telephone No.: S 22

Tenant's Property Management Representative: BLJC Workplace Solutions Inc.

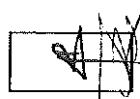
Telephone No.: 1-877-222-3112

The foregoing Basic Terms are approved by the parties. Each reference in this Lease to any of the Basic Terms will be construed to include the provisions set forth above as well as all of the additional terms and conditions of the applicable sections of this Lease where such Basic Terms are more fully set forth.

1.2 SCHEDULES

All Schedules to this Lease are incorporated into and form an integral part of this Lease and are as follows:

SCHEDULE	CLAUSE
Schedule A Floor Plans of the Premises	1.1(d)
Schedule B Definitions	1.3
Schedule C Landlord & Tenant Services Responsibility	4.2 and 5.13
Schedule D Base Building Shell	Schedule B (Definition of "Base Building Shell")
Schedule E Certificate	10.3
Schedule F Option to Renew	13.1
Schedule G Tenant Improvements	Schedule B (Definition of "Tenant Improvements")
Schedule H Additional Provisions	13.9
Schedule I Environmental Disclosure - DELETED	13.5



1.3 DEFINITIONS

In this Lease, the words, phrases and expressions set forth in Schedule B are used with the meanings defined therein.

**ARTICLE 2
PREMISES**

2.1 PREMISES

The Landlord hereby demises and leases to the Tenant, and the Tenant hereby leases from the Landlord, the Premises.

2.2 ACCEPTANCE OF PREMISES – DELETED

**ARTICLE 3
TERM**

3.1 TERM

The Term of this Lease will be for the period set out in subclause 1.1(f), beginning on the Commencement Date, and any renewals thereof in accordance with clause 13.1 and Schedule F.

**ARTICLE 4
RENT**

4.1 RENT

The Tenant will yield and pay for the Premises to the Landlord, at the office of the Landlord's Designated Payee set out in subclause 1.1(o), or to such other person and at such other place as the Landlord may direct in writing, during the Term in lawful money of Canada, on the days and at the times hereinafter specified, Rent which will include the aggregate of the sums specified in subclauses (a) and (b) below:

(a) Annual Base Rent

Annual Base Rent in the amount per annum set out in subclause 1.1(h) for each respective Term Year, subject to the adjustment provisions of subclause 4.2(e); and

(b) Additional Rent

The aggregate of the following:

- (i) its share of Taxes payable pursuant to subclause 4.2(b) (if any);
- (ii) its share of Operating Costs payable pursuant to subclause 4.2(c) (if any); and
- (iii) such other amounts, charges, costs and expenses as are required to be paid by the Tenant to the Landlord pursuant to this Lease in addition to Annual Base Rent.

4.2 PAYMENT OF RENT

The Rent provided for in this Article 4 will be paid by the Tenant as follows:

(a) Annual Base Rent

The Annual Base Rent will be paid in equal consecutive monthly instalments in advance on the first day of each and every month during the Term, commencing on the Rent Commencement Date, as set out in subclause 1.1(h). Notwithstanding the prior sentence, where the Rent Commencement Date is not the first day of a calendar month, the Annual Base Rent for the period from the Rent Commencement Date to the first day of the next ensuing calendar month will be pro-rated on a per diem basis and paid on the Rent Commencement Date and the first regular instalment of the Annual Base Rent will be paid on the first day of the first full calendar month of the Term.

(b) Taxes

Proportionate Share of Taxes

In accordance with Column (C) of Schedule C, within **NINETY (90)** days next following the due date for the payment of Taxes for a tax year, the Landlord will forward to the Tenant a copy of the receipted tax bills for such tax year, along with a calculation of the Tenant's Proportionate Share (Taxes) thereof. Within **THIRTY (30)** days of such receipt, the Tenant will pay to the Landlord the Tenant's Proportionate Share (Taxes) of the Taxes. If only a part of a tax year is included in the Term, then there will be a pro-rata apportionment so that the Tenant's responsibility to contribute to any Taxes for that tax year is limited to the portion of the tax year during which the Premises are leased to the Tenant. **The Landlord and Tenant agree that the Landlord's reasonable estimate for Taxes for the first year of the Term to be** S 17 **per square foot.**

(c) Operating Costs

Proportionate Share of Operating Costs Monthly Annually

~~Prior to the commencement of each Term Year, the Landlord will deliver to the Tenant for its review the Landlord's reasonable estimated annual budget for such Term Year setting out the estimated Operating Costs as identified in column (C) of Schedule C, and the estimated Proportionate Share (Operating Costs) thereof payable by the Tenant. The Tenant will pay monthly to the Landlord, at the same time as it pays its Annual Base Rent, 85% of 1/12 of the Proportionate Share (Operating Costs) of the Operating Costs as identified in column (C) of Schedule~~

C, subject to an annual reconciliation to actual costs. **If the Tenant is the sole tenant in the Building, receipted invoices may be submitted as documentation for the amounts claimed.** ~~based on Certified Statements supported, upon the Tenant's request, by appropriate receipted invoices.~~ The parties agree that the Tenant's budgeted share of Operating Costs for the first Term Year is as set out in subclause 1.1(l) (if such subclause has been completed), subject to reconciliation after the end of the first Term Year. **The Landlord and Tenant agree that the Landlord's reasonable estimate for Operating Costs for the first year of the Term to be \$ 17 per square foot.**

(d) Operating Costs Reconciliation

The Landlord must provide a Certified Statement to the Tenant within **ONE HUNDRED EIGHTY (180)** days after the end of any calendar year or Term Year, as applicable, in which any share of Operating Costs is payable by or refundable to the Tenant. Any amount owing by the Tenant to the Landlord will be paid within **SIXTY (60)** days of receipt of such Certified Statement by the Tenant. Any amount owing by the Landlord to the Tenant will be credited against the next instalment(s) of Annual Base Rent or Additional Rent, as directed by the Tenant. The Tenant will be entitled to require the Landlord to support any portion of Operating Costs by appropriate receipted invoices.

(e) Basis of Determining Rent

The Tenant acknowledges that the Annual Base Rent is calculated on the basis of the Rentable Area of the Premises being as set out in subclause 1.1(e) and at the rate set out in subclause 1.1(h) for each square foot of Rentable Area of the Premises. The Tenant and the Landlord agree that the Annual Base Rent and the Additional Rent will be adjusted in the event that the Rentable Area of the Premises is found to be different from the Rentable Area of the Premises stated above. The Rentable Area of the Premises and the Total Rentable Area will be determined by the Landlord's architect or surveyor. At the request of the Tenant, the Landlord will cause such a determination to be made.

Notwithstanding the above,

- (i) in no event will the Tenant be responsible for Annual Base Rent determined on the basis of the Rentable Area of the Premises being greater than that shown in subclause 1.1(e) unless the Landlord has delivered to the Tenant, on or before the end of the first Term Year, satisfactory proof that the Rentable Area of the Premises is greater than shown in subclause 1.1(e) and
- (ii) if the actual Rentable Area of the Premises is more than 105% of the estimated Rentable Area of the Premises shown in subclause 1.1(e), then for the purposes of calculating the Annual Base Rent, the Rentable Area of the Premises will be deemed to be 105% of the estimated Rentable Area of the Premises shown in subclause 1.1(e).

(f) Proportionate Share

The Landlord will make the initial determination of the Proportionate Share (Operating Costs) and Proportionate Share (Taxes) and any subsequent determinations which may be required as a result of change of circumstances. The Landlord will, at the Tenant's request, provide the Tenant with all working papers and information relating to such determination. In the event the Tenant disagrees with such determination by the Landlord, the Tenant may at its option have the disputed proportionate share determined by Arbitration. The determination of the Arbitration will apply and be effective from the Commencement Date or any later relevant date. The cost of Arbitration will be borne by the party deemed to have lost the Arbitration as determined by the arbitrator.

Notwithstanding the above, if the actual Rentable Area of the Premises is more than 105% of the estimated Rentable Area of the Premises shown in subclause 1.1(e) or if the actual Total Rentable Area is less than 95% of the estimated Total Rentable Area shown in subclause 1.1(c), then for the purposes of calculating the share of Taxes or Operating Costs payable by the Tenant under this Lease (if any), the Rentable Area of the Premises will be deemed to be the lesser of the actual Rentable Area of the Premises or 105% of the estimated Rentable Area of the Premises shown in subclause 1.1(e) and the Total Rentable Area will be deemed to be the greater of the actual Total Rentable Area or 95% of the estimated Total Rentable Area shown in subclause 1.1(c).

4.3 RENT FOR IRREGULAR PERIODS

All Rent reserved herein will be deemed to accrue from day to day, and if for any reason it will become necessary to calculate Rent for irregular periods of less than one year or one month an appropriate pro-rata adjustment will be made on a daily basis in order to compute Rent for such irregular period.

4.4 SET-OFF

Without restricting any right of set-off given or implied by law, the Tenant may set-off against the Rent or against any other sums payable hereunder to the Landlord, any amount payable by the Landlord to the Tenant hereunder, and, without restricting the generality of the foregoing, the Tenant may, when making payment of Rent or of any other sum, withhold an amount which is equal to any amount which is then payable to the Tenant by the Landlord under this Lease or which, by virtue of the right of set-off, may be retained by the Tenant.

4.5 RECORDS

During the Term of this Lease, and for a period of not less than **TWENTY-FOUR (24)** months after the expiration or sooner determination of the said Term:

- (a) the Landlord will maintain full and detailed records of expenses and costs incurred for the Building and the Land together with proper records of all tender calls, quotations, contracts, correspondence, invoices, receipts and vouchers relating thereto; and

- (b) at all reasonable times and from time to time the Landlord will make all such records available to the Tenant, or to persons acting on its behalf, for inspection and for the purpose of making copies thereof (at the Landlord's cost) and taking extracts therefrom and will furnish to such persons any and all information which they may require from time to time in connection therewith.

The Tenant will have the right, at its cost, to require, on reasonable notice to the Landlord, the Landlord's books and records of Operating Costs and Taxes during the period referred to above to be audited and, in connection with any such audit, the Tenant will pay for the reasonable cost of making any necessary copies of the Landlord's books and records. In the event that any such audit discloses that the Landlord has overstated the amount payable by the Tenant on account of Taxes and/or Operating Costs for the period in question, then the Landlord will forthwith after notice from the Tenant reimburse the Tenant for any overpayment which has been made by the Tenant and, if any such audit discloses that the Landlord has overstated by five percent (5%) or more the amount payable by the Tenant on account of Taxes and/or Operating Costs for the period in question, the Landlord will also forthwith after notice from the Tenant pay the cost of the audit (or reimburse the Tenant for such cost).

This right will survive the expiry of the Term or sooner termination of this Lease.

4.6 ESTOPPEL

If, within **TWELVE (12)** calendar months of conclusion of each yearly period commencing on an anniversary of the Base Year or of each Term Year, as applicable, the Landlord has not delivered to the Tenant a Certified Statement with respect to any additional Operating Costs payable by the Tenant in respect of such yearly period or Term Year or delivered to the Tenant such information as is required under subclause 4.2(b) in respect to any amount payable by the Tenant on account of Taxes, then the Landlord will be estopped from demanding reimbursement for or payment therefore, as applicable, and, in connection therewith, the Landlord waives recourse to any remedies otherwise available to it for the recovery of said amounts.

4.7 APPEAL OF PAYMENT OF TAXES

The Landlord may appeal any assessment of the Taxes payable by it to the extent permitted by law and may make any related payment under protest and may, if permitted by law, post security acceptable to the applicable governmental authorities in lieu of all or any part of such payment. In addition, the Tenant will have the right to require the Landlord to appeal any assessment of the Taxes payable by the Landlord or may carry out any such appeal itself (either in its own name or on behalf of and in the name of the Landlord). The costs of appeal (whether incurred by the Landlord or the Tenant) will be included in Operating Costs if the appeal is for the benefit of the Building as a whole and, if not, the costs of appeal will be apportioned equitably between the rentable premises in the Building benefiting from the reduction, if any, provided such reduction is equal to or greater than the costs of appeal. If the costs of appeal are greater than the reduction the excess will be borne by the party who requested the appeal.

ARTICLE 5 LANDLORD'S GENERAL COVENANTS

The Landlord covenants with the Tenant as follows:

5.1 QUIET ENJOYMENT

The Tenant will and may peaceably possess and enjoy the Premises for the Term hereby granted, without any interruption or disturbance from the Landlord or its assigns, or any other person or persons lawfully claiming by, from, through or under the Landlord.

5.2 INTERIOR CLIMATE CONTROL

The Landlord will provide to the Premises during Normal Business Hours, by means of a system for heating, cooling, filtering and circulating air and processed air in accordance with clause 2 of Schedule K (HVAC and Lighting Systems), so as to ensure that the Premises are maintained in conditions of reasonable temperature and comfort in accordance with good standards of interior climate control.

5.3 ELEVATORS - DELETED

5.4 ENTRANCES, LOBBIES AND OTHER COMMON AREAS

The Landlord will permit the Tenant and its subtenants and licensees and its and their respective employees to have the use, seven days of each and every week and twenty-four hours of each day, in common with others entitled thereto of the common entrances, lobbies, stairways and corridors of the Building giving access to the Premises and to all parking facilities in the Building.

5.5 WASHROOMS - DELETED

5.6 JANITORIAL SERVICE FOR PREMISES - DELETED

5.7 MAINTENANCE OF COMMON AREAS

The Landlord will cause the ~~elevators, common entrances, lobbies, stairways, corridors, washrooms, parking facilities and other parts of the Building~~ from time to time provided for common use and enjoyment to be swept, cleaned or otherwise properly maintained as contemplated in the definition of Janitorial Services in Schedule B.

5.8 BUILDING DIRECTORY - DELETED

5.9 COMPLY WITH LAWS

- (a) The Landlord will comply at all times during the Term hereof with all laws, statutes, bylaws, ordinances, regulations or other lawful requirements of any governmental authority having jurisdiction which are in respect of the Land and the Building, and the Landlord warrants and covenants that the Premises comply as of the date of this Lease and will comply at all times during the Term with all such laws, statutes, bylaws, ordinances, regulations and other lawful requirements.
- (b) The Tenant will comply at all times during the Term hereof with all laws, statutes, bylaws, ordinances, regulation or other lawful requirements of any governmental authority having jurisdiction which are in respect to the use of the Premises.

5.10 USE AND STATE OF PREMISES

The Tenant may use the Premises for its own purposes or to provide accommodation for agencies of the Provincial Government, Provincial Crown Corporations, ministries or agencies of the Federal Government, municipalities, regional districts and other similarly publicly funded bodies and their agents or agencies, corporate or otherwise, and subject to the prior written consent of the Landlord ~~(not to be unreasonably withheld), for private sector tenants;~~ and the Landlord warrants and covenants that the Premises are zoned for such purposes, and will be free from any offensive or objectionable odours, vermin or noise. **The office portion of the Premises may be used only for office use and the drive-through (tube) area may be used for ambulance services or if there is a change, only for a purpose to be approved in writing by the Landlord, such approval not to be unreasonably withheld or delayed.**

5.11 ACCESS

The Tenant and its subtenants and licensees and its and their respective employees, customers, agents and invitees will have the right in common with other occupants of the Building to pass, repass and utilize all Common Areas and the Tenant's Designated Parking Areas for purposes of ingress, egress and full enjoyment of the Premises, Parking Areas and other facilities in use by the Tenant. The Premises and Common Areas are to be accessible to the Tenant and its subtenants and licensees **SEVEN (7)** days of each and every week during Normal Business Hours and, at all other hours, through the Landlord's security system via keys or electronic access control cards throughout the Term, twenty-four (24) hours per day.

5.12 TAXES

The Landlord will promptly pay all Taxes **or Grants in Lieu of Municipal Taxes** (and, in any event, on or before the date when due) levied against the Land and the Building, together with all fuel, utility and other charges of any nature whatsoever for which the Landlord is responsible.

5.13 LANDLORD'S SERVICES

The Landlord will maintain the Building at those standards specified in the current Workers' Compensation Board Occupational Health and Safety Regulations and all amendments thereto and all subsequent successor regulations and will provide for those Landlord's services set out in Schedule C to this Lease in accordance with the terms thereof and will provide and pay (except to the extent otherwise provided in Schedule C) for the Landlord's services set out in Schedule K to this Lease. **The Building is taken on an "as is" basis insofar as compliance with the current Workers' Compensation Board Occupational Health and Safety Regulations.**

5.14 ADDITIONAL SERVICES / CHANGE IN PROVISION OF SERVICES - DELETED

5.15 ADDITIONAL UTILITIES - DELETED

5.16 PARKING

The Landlord agrees to make available to the Tenant, for use by it and its subtenants and licensees and its and their respective employees, customers, agents and invitees,

the number of random parking stalls and the number of secured parking stalls indicated in subclause 1.1(n), at the applicable monthly rate set out in subclause 1.1(n). Such parking stalls must be accessible and available for use **SEVEN (7)** days of each and every week and **TWENTY-FOUR (24)** hours per day.

5.17 COPIES OF DRAWINGS

Except as disclosed in Schedule G and any Request for Proposals document with respect to this Lease, prior to the Commencement Date, the Landlord, will at the Tenant's request and cost, supply to the Tenant a set of as built drawings of the premises in a format as required by the Tenant.

ARTICLE 6 REPAIR, DAMAGE AND DESTRUCTION

6.1 LANDLORD'S REPAIRS

The Landlord covenants with the Tenant that:

- (a) subject to clause 6.4, it will keep in a good and reasonable state of repair, and consistent with the general standards of office buildings of similar age and character in the area where the Building is located:
 - (i) the Land and all landscaping thereon;
 - (ii) the Building and its HVAC, including the foundation, roof, exterior walls including glass portions thereof, all mechanical, electrical, (including fluorescent lamp fixture ballasts,) plumbing and utilities systems and all other systems provided for bringing utilities to the Premises (including all systems for bringing data, telephone and other communication services to the Premises), the elevators, entrances, stairways, corridors, lobbies, washrooms, sprinkler and parking facilities from time to time provided for use in common by the Tenant and other tenants of the Building (subject to Schedule C);
 - ~~(iii) the Tenant Improvements (subject to Schedule C); and~~
 - ~~(iv)~~(iii) the structural members or elements of the Premises; and
- (b) it will repair defects in construction performed or installations made by the Landlord in the Premises and Insured Damage.

In the event any maintenance or repair to the Building requires access to the Premises or will negatively impact the operation of the user in the Premises, the Landlord will give advance notice, except in case of emergency, to the Tenant and the Tenant will coordinate the work between the Landlord and the user of the Premises.

Upon receipt of written notice from the Tenant, the Landlord will promptly remedy any defects in the Building and its systems.

~~The Landlord also covenants with the Tenant that, at the Tenant's request, the Landlord will undertake repairs to the Tenant Improvements at a price reasonable and consistent with the market and the Tenant will pay for requested repairs within THIRTY (30) days of~~

~~full completion of the requested repair and receipt of the agreed upon Landlord's invoice for the requested repairs. It is understood and agreed between the Landlord and the Tenant that any and all repairs undertaken under this paragraph must be specifically ordered by the Tenant's Property Management Representative (as indicated in subclause 1.1(p)) and all invoices for said work are to be sent to the address indicated by the Tenant's Property Management Representative.~~

6.2 TENANT'S REPAIRS

~~The Tenant covenants with the Landlord that:~~

- ~~(a) — it will not overload any floors; and~~
- ~~(b) — on reasonable advance notice to the Tenant, the Landlord may enter the Premises at any reasonable time for the purposes of inspecting the Premises and making necessary repairs.~~

~~The Tenant will not be responsible for the cost of repairs to or replacement of Tenant Improvements or the Building where said repairs or replacement are caused by the negligence or wilful misconduct of the Landlord, its employees, invitees, contractors or those for whom in law the Landlord is responsible or for original or latent defects in the design, construction or equipment in the Tenant Improvements for which the Landlord was responsible for the construction and/or installation.~~

~~Notwithstanding the foregoing provisions of this clause 6.2, subject to Schedule C, the task of repairing, maintaining and operating the HVAC systems and other Building standard equipment, mechanical, plumbing, electrical and/or utility systems within or serving the Premises will be the responsibility and cost of the Landlord (except the Tenant will pay Operating Costs for those costs defined as Operating Costs herein); and the Tenant will not be liable for costs incurred as a result of inherent defects in the design, construction or equipment of Tenant Improvements constructed by the Landlord or for those whom in law the Landlord is responsible.~~

The Tenant's Covenant to Repair shall extend only so far as set out in Schedule "C" and to its undertaking not to overload floors.

6.3 NOTIFICATION OF DEFECTS

The Tenant will promptly give the Landlord notice of any accident, defect or damage within the Building, Premises, systems or services for which the Landlord has an obligation under this Lease and which have come to the Tenant's attention.

6.4 REPAIR IN THE EVENT OF DAMAGE

If the Building is damaged by fire or any other hazard such that the Premises are rendered untenable or such that access to the Premises is prevented or materially interfered with (either access by elevators or by stairways or corridors), then if such damage is capable of repair within **NINETY (90)** days of the happening of the occurrence, the Landlord will, within **THIRTY (30)** days of the occurrence of the damage, initiate all necessary repairs and forthwith allow an abatement of the Rent and other payments required by this Lease which recognizes the nature and extent of the damage, or inconvenience, until such time as the Premises have been rebuilt and the Tenant is

able to occupy and use the Premises in accordance with all applicable laws and until convenient access to the Premises is restored. If the Landlord does not initiate the restoration of the Premises or access within the said **THIRTY (30)** days, or having commenced the restoration, does not proceed to complete it with reasonable dispatch, then the Tenant may at any time give the Landlord **FOURTEEN (14)** days prior written notice of the termination of this Lease. If the damage is severe enough to preclude the reoccupation of the Premises by the Tenant or to prevent or materially interfere with access to the Premises for a period in excess of **NINETY (90)** days, either party may, within **THIRTY (30)** days of the occurrence of the damage, serve notice upon the other of the immediate termination of this Lease and the Tenant will surrender the Premises to the Landlord as soon as reasonably practical. In the event of any termination under this clause, the Tenant will surrender the Premises in their then current condition and will be under no obligation to comply with clause 11.4. In the event of any dispute with respect to any matter related to the foregoing provision (including the extent of any abatement of Rent), such matter will be determined by a professional architect agreed upon by the Tenant and the Landlord or, if the Tenant and the Landlord are not able to agree on such an architect within **THIRTY (30)** days of the occurrence of the damage, then either the Tenant or the Landlord will be entitled to request the President of the Architectural Institute of British Columbia to select a professional architect to arbitrate the dispute, and the determination of any such architect (whether appointed by the Tenant and the Landlord or by the President of the Architectural Institute of British Columbia) will be final and binding on the Tenant and the Landlord.

6.5 TENANT NOTIFICATION

The Landlord acknowledges that the Tenant, or the Tenant's property management representative (identified in sub clause 1.1(p)), may contact the Landlord from time to time to advise the Landlord as to the need for it to take action pursuant to its repair, maintenance or service obligations hereunder. In any such case, the Landlord agrees that upon completion of the obligation in question, it will provide confirmation of same to the Tenant's property management representative, such confirmation to be given either in writing pursuant to clause 12.1 or by telephone, facsimile or email to the Tenant's representative referred to in sub clause 1.1(p), that the Landlord has completed such work.

ARTICLE 7 LICENSES, ASSIGNMENTS AND SUBLETTINGS

7.1 LICENSES, FRANCHISES AND CONCESSIONS

The Tenant will not suffer or permit any part of the Premises to be used or occupied by any persons other than the Tenant and any subtenants and licensees permitted under clause 7.2, and the employees of the Tenant and of any such permitted subtenants and licensees, or suffer or permit any part of the Premises to be used or occupied by any franchisee or concessionaire, or suffer or permit any persons to be upon the Premises other than the Tenant, such permitted subtenants and licensees and its and their respective employees, customers and others having lawful business with them.

7.2 ASSIGNMENT AND SUBLETTING

The Tenant will not assign this Lease (either in whole or in part) without the prior written consent of the Landlord, which consent the Landlord agrees that it will not unreasonably

or arbitrarily withhold or delay or grant subject to conditions. If the Landlord has not responded to any request from the Tenant for such consent within **THIRTY (30)** days of receipt of such request, the Landlord will be deemed to have consented to the request.

The Landlord covenants and agrees that the Tenant may sublet or licence the Premises, either in whole or in part, without the consent of the Landlord, to agencies of the Provincial Government, Provincial Crown Corporations, ministries or agencies of the Federal Government, municipalities, regional districts and other similar publicly funded bodies and their agents or agencies and subject to the prior written consent of the Landlord (~~not to be unreasonably withheld~~), ~~to private sector tenants~~ for the purposes contemplated in clause 5.10. The Tenant may not otherwise sublet or licence the Premises without the prior written consent of the Landlord. Notwithstanding any such sublease or licence being effected, the Tenant will remain bound to the Landlord for the fulfilment of all the terms, covenants, conditions and agreements herein contained.

ARTICLE 8 FIXTURES AND IMPROVEMENTS

8.1 INSTALLATION OF FIXTURES AND IMPROVEMENTS

Subject to the prior written consent of the Landlord (not to be unreasonably withheld), the Tenant will be entitled, at its expense, to make or permit any subtenant or licensee to make such alterations, additions, replacements and improvements to the Premises (including the Tenant Improvements in the Premises) as will better adapt the Premises for the purposes for which the Premises are permitted to be used under this Lease. Throughout the Term, subject to the prior written consent of the Landlord (not to be unreasonably withheld), the Tenant and its subtenants and licensees will be entitled to remove and dispose of any Tenant Improvements located in the Premises. In carrying out any work under this clause 8.1, the Tenant will carry out or cause to be carried out such work in a good and workmanlike manner and in accordance with all applicable laws. The Tenant's request for any approval of the Landlord hereunder will be in writing and accompanied by a reasonably detailed description of the contemplated work and, where appropriate, plans, working drawings, and specifications thereof. The Landlord agrees to promptly review any such material prepared by or on behalf of the Tenant. If the Landlord has not responded to any such request from the Tenant within **TEN (10)** days of receipt of such request, the Landlord will be deemed to have consented to the request. The Tenant shall provide the Landlord with copies of any building permits required in connection with any work under this clause 8.1.

8.2 TENANT IMPROVEMENTS

All Tenant Improvements in or upon the Premises will be the Landlord's ~~Tenant's~~ responsibility for repair. ~~under clause 6.4.~~ At the option of the Tenant, the Tenant may remove, or may permit the removal of, any or all of the Tenant Improvements from the Premises at the expiration or sooner termination of the Term or may leave and surrender any or all of the Tenant Improvements with the Premises at the expiration or sooner termination of this Lease. For greater certainty, all tenant or trade fixtures and all furniture, equipment and other personal property of the Tenant and its subtenants and licensees will remain at all times the property of the Tenant and its subtenants and licensees and may be removed from time to time during the Term of this Lease regardless of who has paid for such tenant or trade fixtures, furniture, equipment and other personal property.

ARTICLE 9 INSURANCE AND LIABILITY

9.1 LANDLORD'S INSURANCE

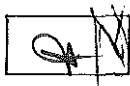
The Landlord will, without limiting its obligations or liabilities herein and at its own expense, provide and maintain the following insurances with insurers licensed in British Columbia or Canada and in forms and amounts acceptable to the Tenant:

- (a) "all risks" property insurance, including earthquake coverage if such coverage is available at a cost that a prudent owner would pay therefore, and coverage for sprinkler leakage and other water damage, on the Building (including the Tenant Improvements) in an amount that is not less than the full replacement cost of the Building, together with boiler and machinery insurance (which will include loss of use and loss or damage caused by rupture of steam pipes) in respect of all boilers and other pressure vessels within or forming part of the Building, in such amounts and with such deductibles as are normally effected by reasonably prudent owners of properties similar to the Building (for the purposes of this paragraph, replacement cost will be determined by the Landlord acting reasonably at the time the insurance is initially obtained and will thereafter be determined by the Landlord at least once every 12 months, and the Landlord will promptly notify the Tenant in writing of each such determination, it being the intention of the parties that in the event of any damage or destruction to the Building, sufficient insurance funds will be available to repair or rebuild the Building, including increased costs due to the then applicable Building Codes and authorities having jurisdiction. Each and every policy of property insurance maintained by the Landlord will provide for a waiver of the insurer's right of subrogation against the Tenant and its subtenants and licensees and those for whom each of the Tenant and its subtenants and licensees is or are responsible in law; and
- (b) Commercial General Liability in an amount not less than \$3,000,000 inclusive per occurrence insuring against bodily injury, personal injury, property damage and liability assumed under contract. The Tenant is to be an additional insured under this insurance and this insurance will be endorsed to provide the Tenant with 30 days advance written notice of cancellation or material change. This insurance must include a cross liability and severability of interest clauses.

All the foregoing insurance will be primary and not require the sharing of any loss by any insurer of the Tenant. The Landlord will provide the Tenant with evidence of all required insurance prior to the commencement of the services, and from time to time as requested by the Tenant, in the form of a completed Province of British Columbia Certificate of Insurance. When requested by the Tenant, the Landlord will provide certified copies of required insurance policies.

9.2 LIMITATION OF TENANT'S LIABILITY

The Landlord releases and discharges the Tenant from any and all actions, causes of action, claims, damages, demands, expenses and liabilities in respect of any damage that is Insured Damage.



9.3 MUTUAL INDEMNITY

Except as otherwise provided in this Lease, the Landlord and Tenant will indemnify each other against all claims, actions, causes of action, loss, damage, expense and costs, whatsoever, made by any person arising out of or resulting directly or indirectly and whether by reason of negligence or otherwise, from the performance, default of performance or remedying of any default by any party hereto of its covenants and obligations under this Lease.

9.4 TENANT NOT TO AFFECT INSURANCE

The Tenant will not do or permit anything to be done which causes the Landlord's cost of insuring the Building to increase. Any increase in insurance costs to the Landlord resulting from a breach of this covenant will be borne by the Tenant.

9.5 LANDLORD TO ENSURE OTHER TENANTS WILL NOT AFFECT INSURANCE

The Landlord will ensure that any and all tenants in the Building during the Term hereof will be bound by a covenant identical in its effect to that contained in clause 9.4. In the absence of such covenant, the Landlord will indemnify the Tenant from any increase in the cost of insuring the Building.

ARTICLE 10 SUBORDINATION, ATTORNMENMENT AND REGISTRATION

10.1 SALE OR FINANCING OF BUILDING

The rights of the Landlord under this Lease may be mortgaged, charged, transferred or assigned to a purchaser or purchasers, or to a mortgagee or trustee for bond holders, and in the event of a sale or of default by the Landlord under any mortgage, trust deed or trust indenture and the purchaser, mortgagee or trustee, as the case may be, duly entering into possession of the Building or the Premises, the Tenant agrees to attorn to and become the tenant of such purchaser or purchasers, mortgagee or trustee under the terms of this Lease so long as any such purchaser executes and delivers to the Tenant an agreement whereunder such purchaser agrees to be bound by all of the obligations of the "Landlord" under this Lease. Prior to the Landlord mortgaging or otherwise charging the Land and the Building or its interest in this Lease to any mortgagee or trustee, the Landlord will cause any such mortgagee or trustee to execute and deliver to the Tenant a non-disturbance agreement in a form acceptable to the Tenant, acting reasonably, pursuant to which such mortgagee or trustee will agree that the Tenant's occupation and possession of the Premises and its use of the Land and the Building as permitted under this Lease will not be disturbed.

10.2 SUBORDINATION AND ATTORNMENMENT

If required by any mortgagee or the holder of any trust deed or trust indenture, this Lease and all rights of the Tenant hereunder will be subject and subordinate to all mortgages, trust deeds or trust indentures now or hereafter existing which may now or hereafter affect the Land and the Building and to all renewals, modifications, consolidations, replacements and extensions thereof. The Tenant agrees to execute and deliver promptly whenever requested by the Landlord or by such mortgagee an instrument of subordination or attornment, as the case may be, as may be required of it,

so long as any mortgagee or trustee executes and delivers to the Tenant a non-disturbance agreement in the form contemplated in clause 10.1.

10.3 ESTOPPEL CERTIFICATE

Whenever requested by the Landlord or any purchaser or mortgagee of the Land and the Building, the Tenant will within ten (10) days of the request execute and deliver an estoppel certificate substantially in the form attached hereto as Schedule E, completed to reflect the status of the Lease.

ARTICLE 11 TENANT'S DEFAULT, REMEDIES OF LANDLORD AND SURRENDER

11.1 RIGHT OF RE-ENTRY ON DEFAULT

Provided and it is expressly agreed that if and whenever the Rent hereby reserved or other moneys payable by the Tenant or any part thereof, whether lawfully demanded or not, are unpaid and the Tenant will have failed to pay such Rent or other moneys within **FIFTEEN (15)** days after the Landlord has given to the Tenant written notice requiring such payment; or if the Tenant will materially breach or fail to observe and perform in a material way any of the covenants, agreements, provisos, conditions, rules, or regulations and other obligations on the part of the Tenant to be kept, observed or performed hereunder and such breach or failure continues for **THIRTY (30)** days after the Landlord has given the Tenant written notice thereof (or, if any such breach or failure reasonably requires a longer period of time to remedy, if such breach or failure has not been remedied within such longer period); then and in every such case it will be lawful for the Landlord thereafter to enter into and upon the Premises or any part thereof in the name of the whole and the same to have again, repossess and enjoy as of its former estate, anything in this Lease to the contrary notwithstanding.

11.2 REMEDIES CUMULATIVE

The Landlord may from time to time resort to any or all of the rights and remedies available to it in the event of any default hereunder by the Tenant under any provision of this Lease, all of which rights and remedies are intended to be cumulative and not alternative.

11.3 WAIVER OF DISTRESS

The Landlord waives its right of distress to any property of the Tenant or its permitted subtenants.

11.4 SURRENDER ON TERMINATION

The Tenant will surrender the Premises at the expiration or sooner termination of the Term in good repair (together with such Tenant Improvements and ~~chattels~~ as the Tenant may elect to leave) to the Landlord, reasonable wear and tear, damage from fire, storm, tempest and other casualty, removal of Tenant Improvements and ~~chattels~~ only excepted, and the Tenant will not be liable to pay compensation or to make any other payment to the Landlord in respect of restoration or repair of the Premises except for any damages caused by the removal of Tenant Improvements.

11.5 SAVING

Notwithstanding anything contained in this Lease to the contrary, the Landlord will not be entitled to and will not exercise any of its rights or remedies against the Tenant by reason of any default or breach of any covenant or agreement of this Lease unless and until the Landlord will first have given to the Tenant written notice of such default, stating the nature thereof, and giving the Tenant reasonable time as agreed to between the Landlord and the Tenant within which to cure the default or breach **except in case of emergency**. In no event will the Landlord be entitled to exercise any such rights and remedies except those specifically set out in this Lease.

ARTICLE 12 MISCELLANEOUS

12.1 NOTICES

Any notices required or permitted to be given pursuant to the terms of this Lease will be in writing and must be delivered personally or by courier or sent by facsimile. If delivered personally or by courier or sent by facsimile, the notice will be deemed to be given on the date of delivery or the date of the facsimile, provided such notice has been delivered to or sent by facsimile to the respective address or facsimile number in subclause 1.1(a) or 1.1(b), as the case may be. Either party may change the details outlined in subclause 1.1(a) or 1.1(b), as the case may be, by serving notice on the other party outlining the amendments required in subclause 1.1(a) or 1.1(b), as the case may be.

12.2 OVERHOLDING

If the Tenant will continue to occupy the Premises after the expiration of this Lease without any further written agreement and without objection by the Landlord, the Tenant will be a monthly tenant at a monthly base rent equal to the monthly instalment of Annual Base Rent payable by the Tenant during the last month of the Term and (except as to length of tenancy) on and subject to the provisions and conditions herein set out. Any such monthly tenancy may be terminated by either party on the last day of any calendar month by delivery of not less than one full month's prior written notice of termination to the other party.

12.3 FORCE MAJEURE

Notwithstanding anything to the contrary contained in this Lease, if either party hereto is bona fide delayed or hindered in or prevented from the performance of any term, covenant or act required hereunder by reason of strikes; labour troubles; inability to procure materials or services; power failure; restrictive governmental laws or regulations; riots; insurrection; sabotage; rebellion; war; act of God; or other reason whether of a like nature or not which is not the fault of the party delayed in performing work or doing acts required to be done hereunder, nor due to that party's failure or inability to make payment, then performance of such term, covenant or act is excused for the period of the delay and the party delayed will be entitled to perform such term, covenant or act within the appropriate time period after the expiration of the period of such delay. The provisions of this clause will operate to excuse the Tenant during any one of the incidents contemplated herein from the payment of Rent, or any other payments required by this Lease, to the extent that the Premises remain unusable for the permitted

use during the period of Force Majeure. The foregoing Force Majeure will not restrict the Tenant from exercising its rights under clause 6.4, in those instances where the Tenant is able, with its own forces or contractors, to remedy a situation which would otherwise constitute a default so as to mitigate loss.

12.4 EXTRANEOUS AGREEMENTS

The Tenant acknowledges that there are no covenants, representations, warranties, agreements or conditions expressed or implied relating to this Lease or the Premises save as expressly set out in this Lease or in any offer to lease or other agreement executed by the parties in connection with the Premises. In the event of any conflict or contradiction between the terms of any such offer to lease or other agreement and the terms of this Lease, the terms of this Lease will govern and prevail. This Lease may not be modified except by an agreement in writing executed by the Landlord and the Tenant.

12.5 TIME OF ESSENCE

Time will be of the essence of this Lease.

12.6 SUCCESSORS AND ASSIGNS

This Lease and everything herein contained will enure to the benefit of and be binding upon the successors and assigns of the Landlord and its heirs, executors and administrators and the successors and permitted assigns of the Tenant. If the Landlord is comprised of more than one person or entity, then each such person and entity is jointly and severally bound by the representations, warranties, agreements and covenants of the Landlord herein and any notice given or deemed to have been given at any time to any such person or entity will be deemed to have been given at the same time to each other such person and entity.

12.7 WAIVER

No condoning, excusing or overlooking by the Landlord or Tenant of any default, breach or non-observance by the Tenant or the Landlord at any time or times in respect of any covenant, proviso or condition herein contained will operate as a waiver of the Landlord's or the Tenant's rights hereunder in respect of any continuing or subsequent default, breach or non-observance or so as to defeat or affect in any way the rights of the Landlord or the Tenant herein in respect of any such continuing or subsequent default or breach, no acceptance of rent by the Landlord subsequent to a default by the Tenant will operate as a waiver by the Landlord, and no waiver will be inferred from or implied by anything done or omitted by the Landlord or the Tenant save only express waiver in writing.

12.8 GOVERNING LAW AND SEVERABILITY

This Lease will be governed by and construed in accordance with the laws in force in the Province of British Columbia. The Landlord and the Tenant agree that all 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 section hereof. If any provision or provisions of this Lease are illegal or not enforceable, it or they will be considered separate and severable from this Lease and its remaining provisions will

remain in force and be binding upon the parties as though the said provision or provisions had never been included.

12.9 CAPTIONS

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

12.10 EXPROPRIATION

If during the Term the Premises or the Land, or any part thereof, is acquired or condemned by expropriation for any public or quasi-public use, then the Landlord and the Tenant may separately claim, receive and retain awards of compensation for the loss of their respective interests, but neither the Landlord nor the Tenant will have any claim against the other in respect of such loss or the unexpired Term.

12.11 ARBITRATION

If any dispute arises between the parties hereto other than with respect of those matters referred to in clause 6.4 or with respect to the payment of Annual Base Rent during any Renewal Term, then the matter will be determined by binding Arbitration.

ARTICLE 13 SPECIAL PROVISIONS

13.1 OPTION(S) TO RENEW

The Landlord grants to the Tenant the option(s) to renew as outlined in Schedule F.

13.2 REDUCTION IN SPACE - DELETED

13.3 GOODS AND SERVICES TAX CERTIFICATION CLAUSE

This is to certify that the property and/or services ordered/purchased hereby are for the use of and are being purchased by the government of the Province of British Columbia with Crown funds and are therefore not subject to the Goods and Services Tax.

If any subtenant or licensee of the Tenant is subject to Goods and Services Tax, the Tenant will collect such Tax from such subtenant or licensee and remit it to the appropriate government authority.

13.4 ENTRY BY LANDLORD

The Landlord acknowledges and agrees that certain of the operations of the Tenant and its subtenants are sensitive in nature and, accordingly, that the Tenant will be entitled to secure access to certain portions of the Premises, as designated from time to time by the Tenant. The Landlord agrees that, notwithstanding any other provision of this Lease, neither the Landlord nor any person acting on its behalf will be entitled to enter any such portions of the Premises except on 48 hours' prior written notice and in the company of an authorized representative of the Tenant and of any affected subtenant or appropriate security personnel or except in cases of bona fide emergencies which require that the Landlord have access to such portions of the Premises.

13.5 ENVIRONMENTAL SAFETY AND FUNGAL GROWTH

Except as disclosed in the Schedule I – Environmental Disclosure attached to this Lease, the Landlord, to the best of its knowledge, represents and warrants to the Tenant that the Building is in material compliance with all Environmental Laws, and the Landlord will endeavour to maintain the Building's compliance with Environmental Laws. The Landlord, **to the best of its knowledge**, further represents and warrants that the Building is free of any mould or fungal growth and of any conditions which might reasonably be expected to give rise to such mould or fungal growth, and the Landlord covenants that it will ensure that the Premises are kept free of any such mould or fungal growth and of such conditions. The Tenant will notify the Landlord in writing within **THIRTY (30)** days after discovery of any inaccuracy in the foregoing representations and warranties.

The Tenant and the Landlord will each comply with all Environmental Laws, including with respect to Hazardous Substances, on, in, or under the Building or the Land, and the Tenant and the Landlord will each be responsible for their failure to do so. The Landlord and the Tenant will each give notice to the other of any discovery of failure by the other party to comply with this obligation, and each has the right, but not the obligation and without incurring any liability, to remedy such default by the other party if the defaulting party has not done so within a reasonable period of time. Tenant's costs of remedying Default will be deducted from Rent, and Landlord's costs of remedying Default will be added to Rent.

In the event that the parties acting reasonably determine that it is necessary to vacate all or a portion of the Premises during any remediation work being carried out by the Landlord or the Tenant, the Rent and all other amounts payable by the Tenant under this Lease will abate during such period in that proportion that the area of the portion of the Premises which has been vacated bears to the total area of the Premises except of such work is required due to contamination caused by the Tenant.

The parties acknowledge and agree that it is difficult to determine with any objective certainty whether any mould or fungal growth may exist which may affect the health of any person using the Premises or whether any conditions may exist which may give rise to such mould or fungal growth. Accordingly, the parties agree that the Tenant's decisions with respect to such matters will be confirmed by an environmental consultant that is listed on the Roster of Approved Professionals maintained by the British Columbia Ministry of Environment pursuant to section 42 of the *Environmental Management Act* (British Columbia) and will be binding on the Landlord unless the Landlord can demonstrate that the Tenant's decisions are arbitrary or have been made without any reasonable basis.

13.6 TERMINATION- DELETED

13.7 TENANT'S RIGHT TO PERFORM

If the Tenant delivers to the Landlord written notice of default in any of the services to be carried out by the Landlord pursuant to clause 5.13 or in any work carried out or to be carried out by the Landlord hereunder or under any offer to lease or other agreement executed by the parties in connection with the Premises in order to prepare the Premises for use by the Tenant and the Landlord fails to remedy such default:

- (a) within **SEVENTY-TWO (72)** hours from and after delivery of such written notice; or
- (b) within such period less than **SEVENTY-TWO (72)** hours from and after delivery of such written notice as will ensure that the Tenant suffers no loss or damage if, by reason of the nature of such default, the Tenant may reasonably be expected to suffer loss or damage if such default is not remedied within a period less than **SEVENTY-TWO (72)** hours,

then and in any and every such event, the Tenant may without further notice to the Landlord take such steps as may, in the sole judgement of the Tenant, be necessary to remedy such default, and without limiting any of the Tenant's remedies at law or in equity, all costs incurred by the Tenant in remedying any such default of the Landlord, plus an administrative fee equal to 15% of such costs, will be charged to and paid by the Landlord and, if the Landlord fails to pay such costs and such administrative fee on demand, the Tenant will be entitled either to deduct the same from the Rent or any other amounts payable hereunder by the Tenant to the Landlord, or to withhold the payment of Rent or any other amounts payable to the Landlord until such time as the default will have been cured or the Tenant will have recovered all its costs in remedying the default, plus the administrative fee.

So long as the default of the Landlord is not a default in respect of which the Tenant might reasonably be expected to suffer loss or damage if such default is not remedied in a period less than **SEVENTY-TWO (72)** hours, then if the default is of such a nature that despite exercising all reasonable efforts the Landlord cannot cure such default within **SEVENTY-TWO (72)** hours, such time period will be extended by agreement between the parties for a further reasonable period of time, provided that the Landlord's right to such an extension will be conditional upon the Landlord making continuous, diligent and reasonable efforts to cure such default as soon as possible.

13.8 DIRECTION AS TO EMERGENCY

In case of emergency, each of the Landlord and the Tenant designate the respective person, as indicated in subclause 1.1(p), as its representative.

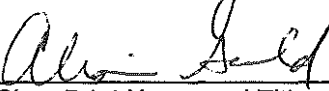
13.9 SCHEDULES AND ADDITIONAL PROVISIONS

All Schedules to this Lease (including those provisions (if any) which are set out in Schedule H hereto) form part of this Lease and constitute agreements between the Landlord and the Tenant with the same effect as if they had been included in the main body of this Lease.


IN WITNESS WHEREOF the duly authorized signatories of the Tenant and the Landlord have executed this Lease as of the date set out above.

LANDLORD:

Insurance Corporation of British Columbia

By: 
Sign, Print Name and Title
I have the authority to bind the Landlord

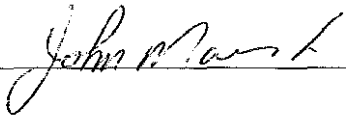
ALISON GOULD
VICE PRESIDENT,
INVESTMENTS

By: 
Sign, Print Name and Title
I have the authority to bind the Landlord

BRIAN STONNELL
HEAD OF REAL ESTATE

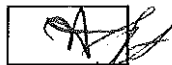
TENANT:

**HER MAJESTY THE QUEEN IN RIGHT
OF THE PROVINCE OF BRITISH COLUMBIA,
by the Minister of Citizens' Services
or the Minister's authorized representative:**



SCHEDULE A

FLOOR PLANS OF THE PREMISES



SCHEDULE B

DEFINITIONS

In this Lease the following expressions will have the following meanings:

"Additional Rent" means all sums of money to be paid by the Tenant, whether to the Landlord or otherwise under this Lease, except for Annual Base Rent;

"Additional Services" means the services and supervision supplied by the Landlord and referred to in clause 5.14 or in any other provision hereof as Additional Services; any other services which from time to time the Landlord supplies to the Tenant and which are additional to other services that the Landlord has agreed to supply under this Lease and to like provisions of other leases of the Building; the provision of labour and supervision in connection with the moving of any furniture or equipment of the Tenant; the making of any repairs or alterations for the Tenant; and the provision to the Tenant or the Premises of maintenance or other services not normally furnished to tenants or other leasable premises generally; and "Additional Service" means any such service;

"Arbitration" means arbitration by a single arbitrator if the Landlord and the Tenant can agree on one and otherwise by three arbitrators, one arbitrator to be appointed by the Landlord, one arbitrator to be appointed by the Tenant, and the third arbitrator (who will be the Chairman) to be appointed by the two arbitrators so appointed by the Landlord and the Tenant, and in the case of three arbitrators, the matter to be determined will be determined by the majority of the three arbitrators, and such arbitration will otherwise be subject to the provisions of the Commercial Arbitration Act, R.S.B.C. 1996, c.55 (or its successor legislation);

"Annual Base Rent" means the annual rent set out in subclause 1.1(h) and payable by the Tenant as set forth in subclause 4.1(a), subject to subclause 4.2(e);

"Base Building Shell" will have the meaning ascribed thereto in Schedule D to this Lease;

"Base Year" means, for the purpose of determining Base Year (Operating Costs) or for any other purposes related to the payment by the Tenant of a share of Operating Costs, the period of **TWELVE (12)** months commencing on the later of the Commencement Date or the date that the Building has achieved an occupancy rate of at least **EIGHTY FIVE (85%)** percent of the Total Rentable Area and means, for the purpose of determining Base Year (Taxes) or for any other purposes related to the payment by the Tenant of a share of Taxes, the later of the Commencement Date or the date in the taxation year following the Commencement Date on which the Taxes levied and assessed against the Land and the Building are so levied and assessed on the basis that the Building is fully completed for the whole of such year, without any rebate or concession.

"Base Year (Operating Costs)" means the Operating Costs, as hereinafter defined, incurred or that would have been incurred had the Landlord maintained the Land and the Building to the same standard as a prudent Landlord in the market of the Building for the same class of building in the market, during the Base Year.

Furthermore, where any one service included in Operating Costs is performed in the Base Year under any form of warranty at no charge to the Landlord, the usual cost paid by a prudent Landlord in the market of the Building for the same class of building in the market for such service will be ascertained and included in the Base Year (Operating Costs).

Notwithstanding the preceding definition, the parties agree that the Base Year for the purposes of this definition will be the period shown in subclause 1.1(k), if any, and that the Base Year (Operating Costs) will be the amount determined pursuant to subclause 1.1(k), if such subclause has been completed;

"Base Year (Taxes)" means the Taxes assessed against the Land and the Building during the Base Year. Notwithstanding the preceding definition, the parties agree that the Base Year for the purposes of this definition will be the period shown in subclause 1.1(j), if any, and that the Base Year (Taxes) will be the amount determined pursuant to subclause 1.1(j), if such subclause has been completed;

"Basic Terms" means those terms set out in clause 1.1, some of which are more particularly defined in this Schedule B;

"Building" means the building and other improvements located on the Land on the Commencement Date and having the municipal address referred to in subclause 1.1(c), and any addition, restoration or replacement thereof, of which the Premises forms a part;

"Building Code" means the BC Building Code, as amended from time to time, and the rules and regulations of all other regulatory bodies having jurisdiction;

"Certified Statement" means a statement, certified to be correct by a financial officer of the Landlord or by an accredited accountant, substantiating the Operating Costs for a Term Year or any other relevant fiscal period and the portion thereof which is payable by or refundable to the Tenant in accordance with the terms of this Lease and stating that all costs included within the Operating Costs referred to in such statement are "Operating Costs" as defined in this Lease and fairly represent all Operating Costs incurred by the Landlord for such Term Year or other relevant fiscal period and (if applicable) that the portion shown payable by the Tenant is properly chargeable to the Tenant under the terms of this Lease;

"Commencement Date" means the date the Term commences as set forth in subclause 1.1(g);

"Common Areas" means those areas, facilities, improvements, installations and equipment in or around the Land and the Building that are provided for the benefit or use of more than one tenant or component of the Building including but not limited to, entrances, lobbies, elevators, stairways, access and service corridors, malls, courts and walkways (both open and enclosed), public areas and facilities, public sidewalks (to the extent maintained for the benefit of the Building), public washrooms, indoor and outdoor landscaped areas, mailrooms, electrical, telephone, communication rooms on which the Landlord is not earning income, meter, valve, mechanical, storage room, delivery facilities, package or passenger pick-up areas, waste disposal or recycling facilities, and driveways, laneways and ramps, all as may be altered, expanded, reduced, reconstructed or relocated from time to time subject to the Tenant's consent (such consent not to be unreasonably withheld, delayed or conditioned) and excluding the Parking Areas;

"Cost of Additional Services" will mean in the case of Additional Services provided by the Landlord the Landlord's total direct costs of providing such Additional Services, which will not exceed the cost of obtaining such services from independent contractors: and in the case of Additional Services provided by independent contractors the Landlord's total direct costs of providing Additional Services to the Tenant including the cost of all labour (including salaries, wages, and fringe benefits) and materials and other direct expenses incurred;

"Environmental Laws" means all existing and future federal, provincial, and municipal legislation (and regulations passed pursuant thereto), all existing and future bylaws, notices, orders, rules, protocols, policies, directions, and guidelines of all governmental authorities and all present and future principles of common law and equity relating to environment, health, safety matters or conditions, Hazardous Substances, pollution, or protection of the environment;

"Hazardous Substances" means, without limitation, any substance, waste, liquid, gaseous or solid matter, fuel, micro-organism, sound, vibration, ray, heat, odour, radiation, energy vector, plasma, organic or inorganic matter which is deemed to be, alone or in any combination, hazardous, hazardous waste, toxic, a pollutant, a deleterious substance, a contaminant, or a source of pollution under any Environmental Laws (including, without limitation, asbestos and any material containing asbestos);

"HVAC" means all interior climate control (including heating, ventilating and air conditioning) systems, installations, equipment and facilities in or servicing the Building;

"Insured Damage" means that part of any damage occurring to any portion of the Building (including the Premises) by any peril against which the Landlord is responsible for insuring under this Lease;

"Janitorial Services" means those janitorial services to be supplied by the Landlord as set out in Schedule J hereto;

"Land" means that land described in subclause 1.1(c);

"Landlord" means the person executing this Lease and includes its successors and assigns;

"Minor Elevator Maintenance" means routine periodic inspections and minor service carried out by qualified elevator service technicians (all other replacement, maintenance and/or repair of elevator components in the Building will be the responsibility of the Landlord and are defined as **"Major Elevator Maintenance"**);

"Minor HVAC Maintenance" means:

- air filter replacement
- belt replacement
- coupling replacement and repair
- linkage repair
- lubrication of fans, pumps and linkages
- routine periodic inspections carried out by qualified HVAC service technicians

(all other replacement, maintenance and/or repair of HVAC components in the Building will be the responsibility of the Landlord and are defined as **"Major HVAC Maintenance"**);

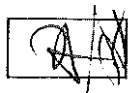
"Normal Business Hours" means the hours from 7:00 a.m. to 6:00 p.m. Monday to Friday, inclusive, of each week, statutory holidays excepted;

"Operating Costs" means the direct, substantiated cost to the Landlord of ordinary non-capital expenditures incurred in connection with the operation and maintenance of the Land and the Building as itemized in column (B) of Schedule C and the cost of services provided by the Landlord but paid for by the Tenant as itemized in column (C) of Schedule C. Operating Costs may include, without duplication and only if applicable and appropriate, the following:

- (a) the amount paid (including wages and statutory fringe benefits) to the employees and/or contractors directly employed in the operation, maintenance and repair of the Land and the Building (excluding officers, clerical, secretarial, and accounting staff of the Landlord) which may be reasonably allocated to permitted Operating Costs;
- (b) Minor HVAC Maintenance and Minor Elevator Maintenance costs;
- (c) water and sewer charges (if not included in Taxes);
- (d) electric power charges not otherwise chargeable to tenants, save and except for power factor surcharges;
- (e) fuel for heating, cooling and hot water;
- (f) snow and garbage removal;
- (g) maintenance of the Common Areas;
- (h) sweeping, cleaning and washing of the Parking Area and line painting of the Parking Area, not to include any surface or structural repair;
- (i) cleaning and janitorial expenses including window cleaning, washroom cleaning and cleaning supplies;
- (j) costs incurred by the Landlord for supplies and materials used by its employees and/or contractors in connection with the maintenance of the interior of the Building and the Common Area;
- (k) light fixture maintenance (including ballast), fluorescent tube and light bulb replacement;
- (l) insurance required by clause 9.1 of this Lease to be placed, maintained and paid for by the Landlord;
- (m) the amortized cost of any improvements, equipment, fixtures or otherwise which will reduce or limit increases in Operating Costs provided that the Tenant has first approved in writing the expenditure and agreed with the amortization period and rate, such approval not to be unreasonably withheld, delayed or conditioned; and
- (n) the amortized cost of the redecoration and refurbishment of the Common Areas provided that the Tenant has first approved in writing the expenditure and agreed with the amortization period and rate, such approval not to be unreasonably withheld, delayed or conditioned;
- (o) plate glass replacement;;

and will exclude costs for:

- (i) upgrading any item of the Building both exterior and interior (other than that approved in (m) and (n) above);
- (ii) items which are for the sole benefit of one particular rentable area or group of occupants, other than the Tenant;
- (iii) repairs, alterations or improvements made to the Premises or the Tenant Improvements or to any other tenant areas or tenant improvements on the Land;
- (iv) Parking Area maintenance, surface or structural repair other than that permitted in (h) above;
- (v) structural and roof maintenance and repairs of the Building ~~including plate glass replacement~~;
- (vi) Major HVAC Maintenance, Major Elevator Maintenance and other major maintenance projects including replacements of major components;
- (vii) correcting any defects in or any inadequacies of the initial design of the Building or of the construction of the Building or for repairs covered by warranty;
- (viii) penalties and interest assessed on late or deficient payments by the Landlord;
- (ix) repair or replacement of any item or any other costs incurred as a result of vandalism or of the negligence of the Landlord or its employees, customers, agents or invitees;
- (x) the ownership, management or operation of a garage or Parking Area which does not supply free parking to the Tenant and its invitees;
- (xi) capital items (which will be deemed to be any item having an expected useful life in excess of three years). If a capital item is leased by the Landlord, rather than purchased, the decision by the Landlord to lease the item in question will not serve to increase the Tenant's share of operating costs beyond that which would have applied had the item in question been purchased. Capital expenditures and costs associated with base building upgrades and major maintenance and replacement of essential building systems and/or components without which the Tenant cannot operate reasonably in the Premises, will be borne by the Landlord and will not be passed on to the Tenant in the form of operating costs;
- (xii) any sales tax, goods and services tax, value added tax or any similar tax ("Sales Tax") paid or payable by the Landlord on the purchase of goods and services included in operating costs which may be available to and claimed by the Landlord as a credit in determining the Landlord's net tax liability or refund on account of Sales Tax but only to the extent the Sales Tax is included in the operating costs;
- (xiii) any management fees;
- (xiv) any cost or expense which the Landlord is reimbursed by any person (other than tenants of the Building paying their respective shares of Operating Costs)



including (1) the cost of work or services performed for any tenant (including the Tenant) at such tenant's cost; (2) any cost which the Landlord is entitled to be reimbursed by insurance; (3) any cost which the Landlord is entitled to be reimbursed by a warranty or guarantee from any supplier, manufacturer or other person; (4) increased insurance costs attributable to or Taxes levied specifically against any rentable premises in the Building; (5) the cost to repair damage caused by or to rectify a default of any other tenant of the Building;

- (xv) the cost of work or services performed for any tenant of the Building to a materially greater extent or in a materially more favourable manner than furnished to the Tenant under this Lease;
- (xvi) any fee, cost or commission incurred to procure or attempting to procure other tenants including brokerage commissions, space planners' fees, finders' fees, lawyers' fees, lease take-over costs, advertising, marketing and promotion costs, entertainment costs and travel expenses, and the cost of tenant improvements or renovation work for tenants or removing tenant improvements;
- (xvii) the wages of any employees of the Landlord (except any who devote substantially all of their time to the operation of the Building), the Landlord's general overhead attributable to the activities of the Landlord's officers and executives, including their remuneration, and all of the Landlord's costs which are not specifically costs of operating the Building (including, without limitation, accounting and legal matters, costs of defending any lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging or hypothecating the Land and the Building and costs of any disputes between the Landlord and its employees or between the Landlord and any managers of the Building);
- (xviii) lawyers' fees, accounting fees and expenditures incurred in connection with negotiations, disputes and claims of other tenants or occupants of the Land or with other third parties; and
- (xix) any cost of acquiring sculptures, paintings and other objects of art.

Amounts normally charged to depreciation, payment of rent by the Landlord under a ground lease or any other underlying lease, interest on debt or capital retirement of debt (whether pursuant to a mortgage of the Land and the Building or otherwise), taxes levied or assessed against the Landlord personally or on account of its interest in the Land and the Building or any part thereof, or on account of its ownership of capital employed in the Land and the Building, as the case may be (including, without limitation, income taxes, wealth taxes, large corporation taxes and capital taxes), bad debts (including unpaid rent) or reserves for bad debts or unpaid rents and all Landlord oriented costs, such as management, advertising, legal, accounting, leasing costs including rental agent fees, tenant allowances, improvements or inducements will not be included in calculating Operating Costs.

In no event will "Operating Costs" include any increases thereto resulting from or related to additions or improvements made to the Land by persons other than the Tenant unless such additions or improvements were requested and approved by the Tenant.

For greater certainty, the Tenant will not be responsible for any operating costs which are not specifically contemplated in the above definition;

"Parking Area" or "Parking Areas" means all parking facilities located within the Building or below grade levels of the Building or otherwise on the Land for the purpose of parking, and which may be, subject to the Tenant's consent (such consent not to be unreasonably withheld, delayed or conditioned), altered, reduced or extended from time to time, including, without limitation, all entrances and exits, access ramps and any delivery passages located therein;

"Premises" means that portion of the Building located on those floor(s) set out in subclause 1.1(d), containing the approximate aggregate number of square feet of Rentable Area which is set out in subclause 1.1(e) and having the location and configuration shown outlined in red or in heavy black on the plans attached as or referred to in Schedule A, as such Premises may be reduced in size from time to time pursuant to clause 13.2;

"Proportionate Share (Operating Costs)" means a fraction, the numerator of which is the Rentable Area of the Premises and the denominator of which is the Total Rentable Area.

However, in the event that the Building is subject to multiple-purpose tenancies (for example, both retail and office tenancies) or contains underground parking, due weight and consideration will be given to the use being made and benefits derived or being derived by the Tenant in relation to other users of the utilities and services (including the Landlord and other tenants and occupants) in determining the Proportionate Share (Operating Costs) to be used for the purposes of this Lease.

In the case of separately metered utilities which are for the sole use of a particular tenant, such tenant (including the Tenant) will pay 100% of the costs recorded by such meter and such costs will not be included in Operating Costs;

"Proportionate Share (Taxes)" means the fraction, the numerator of which represents the value which the Premises Value contributes to the Actual Value of the Building, and the denominator of which is the Actual Value of the Building (for the purposes of this definition:

"Actual Value" means the annual actual value of the Building determined by the British Columbia Assessment Authority or its successor in legislation (herein referred to as the "Assessor") for property tax purposes, for the year for which the property taxes have been levied; and

"Premises Value" means the value the Premises contribute to the Actual Value of the Building as determined from the Assessor's field cards or work sheets. If no specific value has been assigned by the Assessor for the Premises, then such value will be determined by utilization of the method used by the Assessor to determine the Actual Value of the Building);

"Rent" means and includes the Annual Base Rent and the Additional Rent;

"Rent Commencement Date" means the date on which the Tenant's obligation to pay Annual Base Rent pursuant to subclause 4.2(a) commences, as set forth in subclause 1.1(i);

"Rentable Area", whether in the case of a whole building, whole floor of the Building or in the case of premises comprising part of a floor of the Building, will be determined by the Landlord's architect or land surveyor on a multiple tenancy basis according to the American National Standard Method for Measuring Floor Areas in Office Buildings ANSI/BOMA Z65.1-1980 (Reaffirmed 1989), as published by the Building Owners and Managers Association International and in effect as at the Commencement Date; however, notwithstanding the

SCHEDULE C

LANDLORD & TENANT SERVICES RESPONSIBILITY

(A) ITEM	(B) To Be Provided by Landlord, Cost Included in Annual Base Rent	(C) To Be Provided by Landlord, Cost Borne by Tenant	(D) To Be Provided by Tenant, Cost Borne by Tenant	(E) Does Not Apply
CLEANING – Common Area				
Janitorial Service and Supplies				X
Window Cleaning Interior				X
Window Cleaning Exterior				X
CLEANING – Premises				
Janitorial Service and Supplies			X	
Window Cleaning Interior			X	
Window Cleaning Exterior			X	
GROUND				
Maintenance of Common Area			X	
Snow Removal			X	
Redecoration and Refurbishment of Common Area			X	
HVAC				
Minor HVAC Repairs			X*see page 2 of Schedule "C"	
ELEVATOR				
Minor Elevator Repairs				X
ELECTRICAL				
Lamp and Tube Replacement-Premises				X
Lamp and Tube Replacement-Common Areas			X	
NON-ENERGY UTILITIES				
Garbage Removal			X	
Water and Sewage		X		
Recycling Program			X	
FUELS				
Heating and Cooling – Premises			X	
Heating and Cooling – Common Areas				X
ELECTRICITY				
Electricity- Premises			X	
Electricity – Common Area				X
PARKING				
Parking Rent	X			
INSURANCE				
Fire and Extended Coverage Perils P.L. and P.D.		X		
Tenant Improvements				X
TAXES				
Taxes		X		
TENANT IMPROVEMENTS				
Tenant Improvements (Schedule G)				X
Maintenance of Tenant Improvements			X	
SECURITY SYSTEMS				
Building Systems -- Equipment and Monitoring			X	
Premises -- Equipment and Monitoring			X	
FIRE AND SAFETY				
Building			X	
Premises			X	

foregoing, the Premises and the Building will not be measured utilizing "Gross Building Area", nor will balconies or enclosed courtyards be included in the Rentable Area;

"Taxes" means all taxes, rates, duties, levies, and assessments whatsoever, whether municipal, parliamentary, or otherwise, which are levied, imposed or assessed against or in respect of the Building and the Land (excluding the Parking Areas), or which are from time to time levied, imposed or assessed in the future in addition or in lieu thereof, including those levied, imposed or assessed for education, schools and local improvements, but excludes taxes and license fees in respect of any business carried on by tenants and occupants of the Building, taxes upon the income of the Landlord and any capital or corporation capital taxes levied against the Landlord. In no event will "Taxes" include any increases thereto resulting from or related to additions or improvements made to the Land or the Building by persons other than the Tenant unless such additions or improvements were requested and approved by the Tenant. **Municipal Taxes includes any amount paid by the Landlord as a Grant-In-Lieu of Municipal Taxes;**

"Tenant Improvements" means all improvements, fixtures, installations, alterations and additions from time to time made, erected or installed to or in the Premises, in addition to or beyond the Base Building Shell, including all partitions however affixed, millwork, internal stairways, doors, hardware, light fixtures, carpeting and other applied floor finishes and HVAC and other building services not forming part of the Base Building Shell to be done by and at the cost of either of the parties hereto and as may be more clearly set out in Schedule G, but not including tenant trade fixtures or any furniture, equipment or other personal property of the Tenant or its subtenants or licensees;

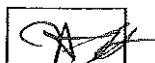
"Term" means the initial term of this Lease set forth in subclause 1.1(f) and any renewal or extension thereof and any period of permitted overholding;

"Term Year" means, in the case of the first Term Year, the period beginning on the Commencement Date and terminating **TWELVE (12)** months from the last day of the calendar month in which the Commencement Date occurs (except that if the Commencement Date occurs on the first day of a calendar month, the first Term Year will terminate on the day prior to the first anniversary of the Commencement Date) and, in the case of each subsequent Term Year, means each 12-month period after the first Term Year; and

"Total Rentable Area" means the total Rentable Area of all areas in the Building which are rented or available for rent, determined in accordance with the definition of "Rentable Area". The calculation of the Total Rentable Area will be adjusted from time to time to give effect to any structural change in the Building (subject, however, to subclause 4.2(f)).

***HVAC**

The Heating, Ventilating and Air-Conditioning systems maintenance will be the responsibility of the Tenant. It is agreed that minor maintenance and repair of HVAC excludes the replacement of the heat exchanger, compressors, damper motors, electric motors or major components of the systems. Upon prior written approval from the Landlord, not to be unreasonably withheld or delayed, the Tenant agrees to replace such items and invoice the Landlord and the Landlord agrees to reimburse the Tenant for such excluded costs immediately upon receipt of said invoice.

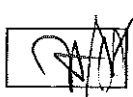


SCHEDULE D

BASE BUILDING SHELL

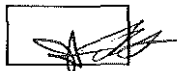
"Base Building Shell" means the components included in the Building, all of which must be designed and erected to the Building Code in effect at the time of construction, which are as follows:

1. Foundation and structure reflecting standard specified loads for an office (open plan) occupancy.
2. Exterior walls including the insulation, air barrier and cladding system and the roof finishing.
3. Interior structural walls, party walls, demising walls and partitions around service rooms outside the Premises and other tenant areas (including but not limited to electrical, telecommunications, janitor, mechanical rooms and public washrooms). All such walls are to be constructed from floor to underside of floor or roof structure above, and will be drywall on metal or wood stud with insulation installed between the studs in accordance with the Building Code in effect at the time of construction. Drywall is to be taped, filled and sanded ready for paint.
4. Vertical circulation, including stairs, emergency exits, escalators and elevators.
5. Finishes to the walls of entry and elevator lobbies, stairwells, party walls, demising walls, columns, and service room outside the Premises or other tenant areas (including but not limited to electrical, telecommunications, janitor, mechanical rooms and public washrooms). This excludes paint finish to drywall and similar surfaces of exposed Base Building Shell walls within the Premises.
6. Floors in the Premises to be smooth troweled concrete floor slab prepared to receive finished floor coverings. Floor coverings provided in Common Areas including but not limited to washrooms, hallways and entrance lobbies.
7. Standard lighting, ceilings and ceiling tiles in lobbies and other designated non-rentable areas and in the Premises.
8. ~~Fixtures, fittings and equipment for Common Area washrooms, main Building directory, and Common Area and Parking Area signage.~~
9. HVAC services and control systems appropriate for climate of the location of the Building, with sufficient capacity to meet the operational and performance standards specified in this Lease. HVAC diffusers to be standard commercial grade adapted **adaptable** to accommodate the Tenant's initial layout and installed in T Bar grid complete with necessary ducting and the capability to adapt to the Tenant's requirements. ~~Direct Digital Controls to provide a minimum of one zone per 2,000 square feet in these cases where the Premises are greater than 5,000 square feet.~~
10. Electrical service – **as is**, including an electrical panel(s) on each floor capable of providing 50 watts/m², plus 120V electrical duplex outlets installed in the perimeter walls of the Premises at a minimum spacing of one (1) outlet every ten (10) lineal feet.



11. Telephone services provided to designated service room on each floor. ~~Three (3) 4" access ducts to be provided between the telephone service room and each floor for telephone lines and/or data cable access to the office areas of each floor.~~
12. ~~Fire protection system(s), except portable fire extinguishers, as required by the applicable codes, by laws and regulations for open plan office occupancy.~~
13. Plumbing and sanitary facilities as required by the Building Code and other applicable regulations as well as services for the efficient and effective operation and maintenance of the Building.
14. Lighting provided to entrance and ~~elevator lobbies~~, stairwells, and service rooms, including janitor, electrical, mechanical and telecommunications rooms and washrooms.
15. Emergency lighting systems and emergency exit signs for "open plan" office occupancy.
16. Building exterior keyed locking system at main entry points.
17. Building access and compliance with all other relevant code, by-laws and regulation provisions to accommodate persons with disabilities.
18. Site development, landscaping and parking complete with lighting.
- ~~19. Receptacles in Parking Areas for plug-in block heaters in severe climates.~~

~~In those cases where the above performance definitions conflict with performance definitions outlined in a Request for Proposal under which the Premises are being constructed, the Request for Proposal will govern.~~



SCHEDULE G

TENANT IMPROVEMENTS

Not Applicable



SCHEDULE H

ADDITIONAL PROVISIONS

LANDLORD'S WORK

The Landlord shall, at the Landlord's sole expense, complete the following work:

- 1) Replace solar film on all windows;
- 2) Replace / Repair, where required, broken seals on all windows.

All of the above work to be completed prior to August 31, 2010, to the satisfaction of the Tenant. The implementation of the above work will be monitored by the Tenant's Service Provider – BLJC – Workplace Solutions Inc.

RE-DEVELOPMENT

Notwithstanding Article 1.1, the Landlord will have the right, on not less than 18 months written notice to the Tenant, to terminate this Lease in order to re-develop the property, provided however, that the effective date of such termination shall not be earlier than the last day of the Lease Term, and such notice may be given no earlier than 3.5 years in the five (5) year Term of the Lease. This would also apply to any lease renewals.

RIGHT OF FIRST OFFER TO PURCHASE

The Landlord shall give the Tenant 60 days' written notice of its intention to list the property for sale. During this 60 day period, the Landlord shall not enter into any discussions, agreements or contracts with any party other than the Tenant concerning the sale of the property. If, at the end of the 60 day period, the Landlord and Tenant have not entered into a subject free Contract of Purchase and Sale in which the Landlord has agreed to sell, and the Tenant has agreed to buy the property, the Landlord shall be free to list and sell the property on the open market.

SCHEDULE I

ENVIRONMENTAL DISCLOSURE - DELETED

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SCHEDULE J

JANITORIAL SERVICE - DELETED

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SCHEDULE K

LANDLORD'S SERVICES

Subject to the provisions of Article 5.13, Article 6.1, Article 6.2 and Schedule C of this Lease, the Landlord covenants to supply the following specified services, if required to do so under the other provisions of this Lease.

The Landlord covenants to supply the following specified services:

1. Utilities and Washrooms

The provisions of all utilities and separate male and female washrooms appropriate to the Premises and its use.

2. HVAC and Lighting Systems

The provision and maintenance of indoor environmental and lighting conditions as defined in the applicable Tenant's Request for Proposal or Designers' Handbook documents. The indoor environmental and lighting criteria of the original documents will apply to any lease renewal of the Premises.

3. Hot & Cold Water

The provision of an adequate hot and cold water supply to the Building and the floor of the Premises and an adequate hot water supply to washrooms in the Common Areas.

4. Redecoration & Refurbishment - Deleted

5. Refuse Disposal - Deleted

6. Elevator - Deleted

7. Emergency Facilities - Deleted

8. Security - Deleted

9. Maintain Grounds, Compounds and Parking Areas

The regular and proper maintenance of landscaping, outside furniture and paved surfaces of the Land, including the removal of snow from walks, driveways, and Parking Areas, and the effective control of the use of designated Parking Areas. Where parking is provided, the Landlord will ensure adequate lighting is provided for the safety and security of all users.