

LEASE SUMMARY

THIS LEASE SUMMARY is attached to and forms part of the Strata Lot Lease dated for reference the 1st day of May, 2018, made by and between

GRAFTON ENTERPRISES LTD., a company organized and subsisting pursuant to the laws of Canada, having an office at 20499 Westminster Highway, Richmond, B.C., V6V 1B3
(the "Landlord")

AND:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, as represented by the Attorney General and the General Manager of the **LIQUOR DISTRIBUTION BRANCH**, under the authority of the *Liquor Distribution Act*, R.S.B.C. 1996, chapter 268, as amended, having an office at 2625 Rupert Street, Vancouver, B.C., V5M 3T5
(the "Tenant")

ARTICLE OR PARAGRAPH

1.2 and 4.1 Annual Basic Rent commencing on the Commencement Date and terminating on the Expiry Date, payable as follows:

PERIOD	ANNUAL RATE PER SQ. FT.	PER ANNUM	MONTHLY INSTALMENTS
From Commencement Date of August 1, 2018 to July 31, 2023	s.17 plus Sales Taxes	s.17 plus Sales Taxes	s.17 plus Sales Taxes
From August 1, 2023 to July 31, 2028	s.17 plus Sales Taxes	s.17 plus Sales Taxes	s.17 plus Sales Taxes

All amounts of Additional Rent are subject to calculation and determination by the Landlord as provided in the Lease.

1.4 Commencement Date: August 1, 2018.

1.6 and 4.2 Deposit: No deposit is payable under this Lease.

1.8 Expiry Date: July 31, 2028.

1.16 Early Occupancy Date: May 1, 2018.

1.19 Permitted Use: The Premises shall be used primarily for the purpose of the storage and distribution of goods and related uses in accordance with applicable municipal or civic zoning regulations.

1.22 "Strata Corporation" means the corporation created under the name "The Owners, Strata Plan LMS2469" and subsisting pursuant to the *Strata Property Act* upon the deposit of the Strata Plan in the New Westminster Land Title Office.

1.23 "Strata Plan" means the strata plan registered in the New Westminster Land Title Office as Strata Plan LMS2469.

1.28 and 3 Term: Ten (10) years, with Tenant's option to renew for an additional three (3) terms of five (5) years each pursuant to Schedule "B".

2.1 Demised Premises: That portion of the Strata Plan located at Richmond, British Columbia, having a civic address of 3389 No. 6 Road, more particularly shown outlined in bold red outline on the sketch plan included as part of Schedule "A" hereto, and legally known and described as:

Parcel Identifier: 023-475-803
Strata Lot 1 Section 29 Block 5 North Range 5 West
New Westminster District Strata Plan LMS2469; and

Parcel Identifier: 023-475-811
Strata Lot 2 Section 29 Block 5 North Range 5 West
New Westminster District Strata Plan LMS2469;

together with the premises and structures adjacent and connected to the above described property and located on that portion of land added to the common property of LMS2469 and formerly known and described as that part of Lot 32 Plan 58707 included within Lot A, Plan LMP35580 (See land title instruments filed under BL375109, BL375110 and BL390406 respectively)

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(i)



26.1 Landlord's Address for Rent Payments and Notices: 20499 Westminster Highway, Richmond, B.C. V6V 1B3

26.1 Tenant's Address for Notices: 2625 Rupert Street, Vancouver, B.C. V5M 3T5

Schedules:

Schedule "A" – Sketch Plan and Portions of the Strata Plan comprising the Demised Premises

Schedule "B" – Option to renew

Schedule "C" – Landlord's Regulations

Schedule "D" – Landlord's Work

Schedule "E" – Tenant's Work

The articles, clauses, or Schedules of this Lease identified above in the margin are those articles, clauses, or Schedules where references to particular Lease information initially appears. Each such reference shall incorporate the applicable information from this Lease Summary.

GRAFTON ENTERPRISES LTD.

(being the sole owner of all strata lots
and common property comprising Strata Plan LMS2469)
by its authorized signatory:



H. Wayne Grafton

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, AS REPRESENTED BY THE ATTORNEY GENERAL
AND THE GENERAL MANAGER OF THE LIQUOR DISTRIBUTION BRANCH**

by its authorized signatory:



Name:



Name:

R. BLAIN LAWSON

STRATA LOT LEASE

THIS LEASE dated for reference the 1st day of May, 2018, made by and between:

GRAFTON ENTERPRISES LTD., a company organized and subsisting pursuant to the laws of Canada, having an office at 20499 Westminster Highway, Richmond, B.C., V6V 1B3 and being the sole owner of all strata lots and common property comprising Strata Plan LMS2469

(hereinafter called the "Landlord")

OF THE FIRST PART

AND:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, as represented by the Attorney General and the General Manager of the **LIQUOR DISTRIBUTION BRANCH**, under the authority of the *Liquor Distribution Act*, R.S.B.C. 1996, chapter 268, as amended, having an office at 2625 Rupert Street, Vancouver, B.C., V5M 3T5

(hereinafter called the "Tenant")

OF THE SECOND PART

WITNESSES 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 by these presents does demise and lease unto the Tenant the Demised Premises as hereinafter described on the terms, conditions and covenants as hereinafter set forth.

ARTICLE 1

DEFINITIONS

In this Lease, the following words and phrases have the respective meanings given below:

1.1 "Additional Rent" means:

- (i) to the extent such are not paid directly by the Tenant, the Tenant's Taxes,
 - (ii) the Operating Expenses, and
 - (iii) all other sums which may be payable to the Landlord hereunder or reimbursable to the Landlord hereunder on a fully net and carefree basis, including, without limitation, the Taxes and all interest and penalties payable by the Tenant hereunder, whether or not such sums are referred to as rent or additional rent or otherwise,
- but Additional Rent shall not include the Annual Basic Rent;

1.2 "Annual Basic Rent" means the amounts specified as such in the Lease Summary;

1.3 "Building" shall mean the building or buildings, as the case may be, contained in the Strata Plan;

1.4 "Commencement Date" means the date specified as such in the Lease Summary as the date of commencement of the Term and payment of Annual Basic Rent;

1.5 "Demised Premises" means the premises described as such in the Lease Summary;

1.6 "Deposit" means the amount specified in the Lease Summary;

1.7 "Early Occupancy Building Condition" means the condition of the Demised Premises as of the Early Occupancy Date and prior to the performance of the Tenant's Work (and excludes the Landlord's Work);

1.8 "Environmental Laws" means any statutes, laws, regulations, orders, bylaws, standards, guidelines, permits, and other lawful requirements of any governmental authority having jurisdiction over the Demised Premises now or hereafter in force relating in any way to the environment, health, occupational health and safety, or transportation of dangerous goods, including the principles of common law and equity;

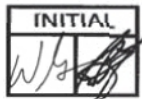
1.9 "Expiry Date" means the date specified in the Lease Summary for the expiry of the Term;

1.10 "Hazardous Substance" or "Hazardous Substances" means any pollutants, contaminants, deleterious substances, underground or above-ground tanks, asbestos materials, hazardous, corrosive, or toxic substances, special waste or waste of any kind, or any other substance which is now or hereafter prohibited, controlled or regulated under Environmental Laws;



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- 1.11 "Landlord's Regulations" means the regulations set out in Schedule "C" attached to this Lease together with all reasonable amendments thereto needed for the safety, care, cleanliness and appearance of the Demised Premises or any part thereof and for the preservation of good order therein as may be adopted or promulgated by the Landlord from time to time, acting reasonably and in such manner as would a prudent landlord of a reasonably similar commercial development where the tenant is exclusively responsible for the maintenance, operation and repair of the Demised Premises;
- 1.12 "Landlord's Work" means the work to be performed by the Landlord, at its expense, in connection with the Demised Premises as set forth in Schedule "D" attached to this Lease;
- 1.13 "Lease" means this indenture together with the Lease Summary and all schedules attached hereto;
- 1.14 "Lease Summary" means pages (i) through (ii) attached to and forming part of this Lease and headed "Lease Summary";
- 1.15 "Early Occupancy Date" means the date specified in the Lease Summary as the date upon which the Tenant will have access to the Demised Premises for the purposes of completing the Tenant's Work;
- 1.16 "Operating Expenses" means the expenses, costs and outlays incurred in connection with the operation, repair and maintenance of all or any portion of the Demised Premises as described in paragraph 6.1;
- 1.17 "Operating Year" means a 12 month period commencing with the 1st day of January in one calendar year and ending on the last day of December in that calendar year, providing that the first Operating Year shall commence on the Early Occupancy Date and end on the last day of December in the calendar year of the Early Occupancy Date and the last Operating Year shall end on the last day of the Term and commence on the 1st day of January preceding that date;
- 1.18 "Permitted Transferee" has the meaning given in paragraph 24.3;
- 1.19 "Permitted Use" has the meaning set out in the Lease Summary;
- 1.20 "Prime Lending Rate" means the annual rate of interest announced from time to time by Royal Bank of Canada, or such other Canadian financial institution as the Landlord may determine for the purposes of this Lease, (in either case, referred to as the "Bank"), as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada. In the event that it may be necessary at any time for the Landlord to prove the Prime Lending Rate applicable as at any time or times a certificate in writing of the manager for the time being of the branch or unit of the Bank selected by the Landlord, setting forth the Prime Lending Rate as at any time or times, shall be, and shall be deemed to be, conclusive evidence as to the Prime Lending Rate as set forth in the certificate;
- 1.21 "Relative Portion" means, with respect to any amount payable for a time period under this Lease, that fraction which has as its denominator the period of time expressed in days in respect of which an amount payable hereunder is calculated and which has as its numerator the number of days within the same calculation period, but which fall within the Term or any renewal period for which the Tenant has exercised its option to renew;
- 1.22 "Sales Taxes" means any and all goods and services taxes, harmonized sales tax, provincial sales tax (if applicable) or social services taxes imposed on the Tenant, the Landlord or both of them by lawful statute which the Landlord is obliged to collect from the Tenant with respect to any or all amounts payable by the Tenant to the Landlord under this Lease, and including the tax levied under Part IX of the *Excise Tax Act* (Canada) as the same may be amended or substituted from time to time;
- 1.23 "Strata Corporation" means the Strata Corporation set out in the Lease Summary;
- 1.24 "Strata Plan" means the strata plan set out in the Lease Summary;
- 1.25 "*Strata Property Act*" means the *Strata Property Act*, S.B.C. 1998, chapter 43 and amendments or replacements thereto;
- 1.26 "Taxes" means all taxes, rates and assessments whether general or specifically levied or assessed by the City in which the Demised Premises are situated, whether for municipal, school or other purposes, or levied or assessed by other lawful government authority for such purposes payable by the Landlord in respect of the Demised Premises and immovable accessories and shall include any other taxes payable by the Landlord which are imposed in substitution of or in addition to the foregoing taxes, the whole as finally determined for each calendar year as a result of assessment, appeal or judicial review;
- 1.27 "Tenant Improvement Period" means that period of time, if any, commencing on the Early Occupancy Date and continuing to and including the date immediately prior to the Commencement Date, during which the Landlord will permit the Tenant to occupy the Demised Premises solely for the purposes of completing the Tenant's Work;
- 1.28 "Tenant's Taxes" means all taxes, licenses, rates, duties and assessments imposed or levied by lawful authority covering any period during the term and relating to or in respect of the business of the Tenant or relating to or in respect of

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personal property and all business and trade fixtures, machinery and equipment, cabinet work, furniture and movable partitions owned or installed by the Tenant or being the property of the Tenant, or relating to or in respect of improvements to the Demised Premises built, made or installed by the Tenant or at the Tenant's request whether any such taxes are payable by law by the Tenant or by the Landlord and whether such taxes, licences, rates, duties and assessments are imposed or levied on or with respect to the Demised Premises;

- 1.29 "Tenant's Work" means any work to be performed hereunder or equipment to be supplied hereunder, either by the Tenant or the Landlord, other than the Landlord's Work, and more particularly described in Schedule "E" to this Lease;
- 1.30 "Term" means the time period specified as such in the Lease Summary.

ARTICLE 2

DEMISED PREMISES

- 2.1 The Demised Premises when referred to in this Lease means the premises described in the Lease Summary.

ARTICLE 3

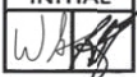
TERM AND OCCUPANCY

- 3.1 To have and to hold the Demised Premises for and during the Term commencing on the Commencement Date (but subject to the provisions of section 3.4 regarding possession prior to the Commencement Date) and ending on the Expiry Date unless otherwise terminated or renewed in accordance with the terms of this Lease.
- 3.2 The Tenant shall have occupancy of the Demised Premises on the Early Occupancy Date for the purposes of undertaking and completing the Tenant's Work, provided that this Lease is first executed and delivered by the Tenant to the Landlord. The Landlord's Work may be undertaken concurrently with the Tenant's Work provided that in completing the Landlord's Work the Landlord will not interfere with the Tenant completing the Tenant's Work nor the Tenant's right of access to or egress from the Demised Premises and No. 6 Road. The Landlord's Work shall be substantially complete on or prior to the date which is sixty (60) days after the Tenant has notified the Landlord that the Tenant has waived, removed or satisfied all of the conditions in its favour pursuant to the offer to lease made between the Landlord and the Tenant dated the 15th day of March, 2018. Prior to the Early Occupancy Date, the Landlord shall also ensure that as of the Early Occupancy Date the Demised Premises are free from water leaks or water penetration, that the floor of the Demised Premises is free from defects and that all mechanical and electrical systems within the Demised Premises are in good working order.
- 3.3 If due to a cause beyond the Landlord's reasonable control, the Demised Premises are not ready or available for occupancy by the Tenant as of the Early Occupancy Date, the Landlord will forthwith notify the Tenant of the need for a postponement of occupation of the Demised Premises by the Tenant. In such event, no rent shall be payable by the Tenant for the period of the postponement, the Landlord will take all commercially reasonable steps to overcome the event that caused such delay and make the Demised Premises ready or available for occupancy by the Tenant, and the Landlord shall have no further liability to the Tenant in connection with any such postponement or delay.
- 3.4 If the Tenant shall for any reason use or occupy the Demised Premises in any way prior to the commencement of the Term without there being an existing lease between the Landlord and Tenant under which the Tenant has occupied the Demised Premises, then during such prior use or occupancy the Tenant shall be a Tenant of the Landlord and shall be subject to the same covenants and agreements in this Lease, *mutatis mutandis*.
- 3.5 From the Early Occupancy Date until the Commencement Date the Tenant shall be responsible for paying the cost of all utilities in respect of the Demised Premises and arising from or in respect of the Tenant's use and occupancy of the Demised Premises as contemplated by this Lease.

ARTICLE 4

RENT

- 4.1 The Tenant shall pay to the Landlord during the Term the following rent payable at the Landlord's address specified in the Lease Summary or at such other place as the Landlord may from time to time designate in writing, in the following instalments:
- (a) the Annual Basic Rent (plus applicable Sales Taxes) payable in advance in consecutive monthly instalments on the first day of each and every month in each and every year of the Term, commencing on the Commencement Date and continuing until and including the first day of the month in which the Expiry Date falls; and

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- (b) the Additional Rent payable in advance in consecutive monthly instalments on the first day of each and every month in each and every year of the Term, commencing on the Commencement Date and continuing until and including the first day of the month in which the Expiry Date falls, unless indicated otherwise in this Lease.
- 4.2 The Landlord has not required the Tenant to provide a security deposit pursuant to this Lease. However, in order to better assure to the Landlord prompt and regular payment of amounts due pursuant to this Lease and if requested by the Landlord and it is available to Tenant, the Tenant will implement an automatic or pre-authorized payment plan to provide direct payments (including direct deposit, electronic or wire transfers) of Rent and Additional Rent to the account of the Landlord on such terms and conditions as the Landlord and Tenant may agree, each acting reasonably and in good faith.
- 4.3 If the Term shall commence or cease on a day other than the commencement of or the end of any period of time in respect of which any amount payable hereunder is calculated, then the Tenant shall pay to the Landlord its Relative Portion of such amount for such period of time. Without limiting the generality of the foregoing, if the Term does not subsist during the whole of any calendar year, the Tenant shall pay the Relative Portion of the estimated and actual Operating Expenses for such Operating Year.
- 4.4 The Annual Basic Rent shall accrue from day to day. Where the calculation of any Additional Rent is not made until the termination or expiry of this Lease, the obligation of the Tenant to pay such Additional Rent shall survive the termination or expiry of this Lease for a period of 24 months and such amounts shall be payable by the Tenant upon demand by the Landlord.

ARTICLE 5

TAXES

- 5.1 The Tenant shall pay as Additional Rent to the Landlord an amount equal to the Taxes for the Demised Premises assessable and applicable for the period commencing on and after the Commencement Date, up to the expiration of the Term or termination of the lease; PROVIDED that the Landlord will forthwith on receipt from the applicable taxing authority from time to time forward to the Tenant property tax statements in respect of the Demised Premises and provided that the Landlord does so then the Tenant is responsible for paying and will pay property taxes, and any arrears, interest and penalties thereon in respect of the Demised Premises, when due and payable to the applicable taxing authority each and every year during the Term and any renewal thereof.
- 5.2 The Tenant shall promptly pay the Tenant's Taxes as they become due and, within the later of (a) one month after the date fixed for the payment of the last instalment of Taxes in each year and (b) one month after the date the Landlord has forwarded to the Tenant property tax statements pursuant to paragraph 5.1, shall deliver to the Landlord a receipted tax bill showing payment in full of all such Taxes payable during such year..
- 5.3 If the Tenant fails to pay any Taxes as they become due, the Landlord or the holder of a mortgage charging the Demised Premises on behalf of the Landlord, may, at its option, pay the whole or any part of such Taxes. The amounts so paid by (or on behalf of the Landlord) shall be payable forthwith by the Tenant to the Landlord with interest thereon at the rate set out in paragraph 6.3.

ARTICLE 6

CAREFREE LEASE

- 6.1 As the Tenant has elected at its sole cost to maintain, operate and repair the Demised Premises, it is the intent of the parties that this Lease shall be fully net and carefree to the Landlord, other than as elsewhere expressly and specifically provided herein, and in this regard other than as elsewhere expressly and specifically provided herein, the Landlord shall be free of any other outlay in connection with the Demised Premises whatsoever for the Term of this Lease and the Tenant shall bear and pay any and all costs, charges, impositions, expenses, fees, disbursements, and outlays of any nature or kind whatsoever arising or relating to the maintenance, operation and repair of the Demised Premises, or the contents thereof. In addition, the Tenant shall pay as Additional Rent to the Landlord, or as the Landlord may direct in writing in each and every year or part thereof from the Commencement Date and otherwise during the Term when due and before any fine, penalty, interest or costs may be added thereto (other than a deduction permitted in the event of prepayment thereof) for the non-payment thereof, the total, without duplication, a proportionate share of all charges, impositions, costs and expenses of every nature and kind relating to the common property of the Strata Plan or any other parts of the Demised Premises or the Strata Plan not intended for leasing or occupancy, including without limitation the following:

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- (a) all contributions properly levied by the Strata Corporation upon the Landlord as owner of the Demised Premises, or upon the Tenant in respect of the Demised Premises, in respect of repairing, maintaining, painting, resurfacing or restoring parking areas, pedestrian areas, walkways, drive aisles, loading docks or bays on the Strata Plan and allocated to the Demised Premises and otherwise for the use or benefit of the Tenant, its officers, directors, employees, servants, contractors, licensees, agents, consultants, suppliers, carriers, customers, guests, or invitees;
- (b) all licence fees, assessments and other charges required to be paid by the Landlord to any competent authority in respect of the business conducted by the Tenant on the Demised Premises;
- (c) the costs of all insurance in respect of the Demised Premises and all increases in premiums to be paid by the Tenant in respect of insurance policies as set forth in paragraph 9.9;
- (d) all taxes (including without limitation Sales Taxes), property taxes, assessments, amounts, late payment penalties, interest and other charges imposed by any lawful taxing authority in respect of the rent and other amounts payable by the Tenant to the Landlord hereunder (and in particular, but without limiting the generality of the foregoing, any and all taxes, charges, fees, levies and assessments payable to the City of Richmond or other local government or imposed pursuant to the *Excise Tax Act* of Canada, the *Provincial Sales Tax Act* of British Columbia, and amendments or replacements thereto) provided that such taxes, assessments, amounts or other charges are not classified as taxes upon the income of the Landlord; and
- (e) To the extent not otherwise paid directly by the Tenant to service providers, the costs of all utilities and similar services to the Demised Premises including gas, electrical or other energy services, telecommunications services, cable, satellite or heating, ventilating and air conditioning, hot and cold water; sewer charges, garbage collection, rubbish removal, landscaping, gardening and snow and ice removal, parking lot maintenance, cleaning, or sweeping, window cleaning, janitorial or security services

The foregoing Operating Expenses exclude only monies directly recoverable by the Landlord from other tenants for work or services and costs arising out of any exclusive obligations of the Landlord pursuant to this Lease.

- 6.2 The Landlord, within 90 days of the end of each Operating Year, shall prepare a statement setting forth in reasonable detail the additional rent payable for the preceding Operating Year, based on the actual Taxes and other amounts payable pursuant to paragraphs 5.1 and 6.1 experienced during that Operating Year. Any underpayment due or overpayment to be refunded (in either case without interest) shall be made within two weeks of the date of delivery of such statement to the Tenant.
- 6.3 It is understood and agreed that any rent or other amounts payable by the Tenant hereunder to the Landlord, if not paid when due shall bear interest at a rate equal to the Prime Lending Rate plus 2% per annum and that such interest shall accrue and be paid by the Tenant forthwith upon demand.

ARTICLE 7

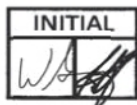
RENT AND PRO RATA PORTION OF PAYMENTS

- 7.1 All money payable by the Tenant to the Landlord hereunder, including without limitation, the amounts payable pursuant to Article 6 as well as interest, shall be deemed to be rent and shall be collectible as such and in the absence of any other provision hereunder shall be payable with the next ensuing monthly instalment of rent. All payments shall be made to the Landlord or its agent at the address of the Landlord herein set out or such other address notified to the Tenant by the Landlord in writing.
- 7.2 If the Term hereof shall commence or cease on a day other than the commencement or end of a calendar month, year or other period contemplated herein or if any money is payable hereunder for a period less than that contemplated in relation thereto, the Tenant shall pay to the Landlord a pro rata portion of the rent or such payment for the period.

ARTICLE 8

USE OF DEMISED PREMISES

- 8.1 The Tenant shall use the Demised Premises or any part thereof for the Permitted Use and for no other purpose without the written consent of the Landlord, acting reasonably. The Tenant acknowledges that the Tenant has inspected the Demised Premises, has accepted them and determined that, subject to completion of the Landlord's Work, if any, the Demised Premises are suitable and may lawfully be used for the Permitted Use.
- 8.2 If at any time during the Term the Tenant's use of the Demised Premises as permitted pursuant to paragraph 8.1 is prohibited at law, then this Lease shall, at the option of the Tenant, cease and terminate on 30 days' notice to the Landlord.

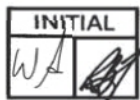
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ARTICLE 9
COVENANTS OF TENANT

The Tenant covenants and agrees with the Landlord:

- 9.1 To pay rent without any set off, compensation or deduction of any type or for any reason.
- 9.2 Subject to the provisions of Article 11, to well and sufficiently repair, replace and maintain the interior of the Demised Premises such that all equipment, systems, and fixtures that are visible in the interior of the Demised Premises, are kept in a good and substantial condition and repair or replace when, where and so often as need be; PROVIDED HOWEVER that the Tenant shall be responsible for maintenance, repair or replacement occasioned by reasonable wear and tear, damage by fire, lightning, tempest, flood, explosion, or acts of God, or other cause insured against, or inherent or structural defects when the same are necessitated by the negligent or wilful acts or omissions of the Tenant, its agents, employees, servants, customers, invitees or others for whom the Tenant is at law responsible, and the cost of any repair or maintenance required to be made in or to any part of the Demised Premises, the Building or any other portion of the lands, buildings, or improvements, assets or facilities within the Strata Plan, as a result of any such negligent or wilful act or omission of the Tenant, its agent, employees, servants, customers, invitees or others for whom the Tenant is at law responsible shall be promptly paid for in full by the Tenant.
- 9.3 To pay to service providers the cost of all utilities and similar services to the Demised Premises.
- 9.4 [Intentionally Deleted].
- 9.5 That the Tenant shall immediately before the expiration or sooner determination of this Lease wash and clean the floors, and the interior windows, doors, walls and woodwork (if any) of the Demised Premises. 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 but will leave the Demised Premises in a clean and tidy condition.
- 9.6 Subject to the provisions of paragraph 9.2 and Article 11, to repair, maintain, and restore forthwith from time to time at its expense broken or damaged plate glass, if any, all other windows or doors at the Demised Premises and/or other areas allocated to the exclusive use of the Demised Premises.
- 9.7 Not to do, suffer or permit any intentional act, omission, or neglect which may in any manner directly or indirectly cause injury to the Demised Premises or to the Building or to any fixtures or appurtenances thereof, or to any other portion of the lands, buildings, improvements, assets, or facilities within the Strata Plan, or which may be or become a nuisance or interfere with the comfort of any of the occupants of the Building.
- 9.8 Not to exhibit or affix signs of any nature on walls, doors or windows or to any part of the Demised Premises without the prior written approval of the Strata Corporation and the Landlord, such approval from the Landlord not to be unreasonably withheld. Notwithstanding the foregoing, the provisions of this paragraph 9.7 do not apply to any signage or branding, now existing or from time to time published or used as the official signage or brand of the Tenant for use in the majority of any of its administrative offices, distribution centres or stores (collectively, the "Tenant Brand"), which Tenant Brand signage and branding the Tenant may, subject to obtaining any necessary approvals from the City of Richmond, install and maintain. Further, the Tenant shall have exclusive naming rights for the Building in which the Demised Premises is located during the Term and any extension or renewal thereof.
- 9.9 **s.15,s.17**
- 9.10 Except with the consent of the Strata Corporation and the Landlord, the Tenant shall not do or permit to be done any (a) structural alteration to the Demised Premises or (b) other alteration to the common property or common areas within the Strata Plan which may render void or voidable or conflict with the requirements of any policy or policies of insurance in respect of the Strata Corporation, the Building or any part thereof whereby the Demised Premises or the Building are insured, including any regulations of fire insurance underwriters applicable to such policy or policies, or which may cause any increase in premium to be paid in respect of any such policy. If and whenever the Tenant is not Her Majesty the Queen in Right of the Province of British Columbia or a Permitted Transferee, then in the event that any such policy or policies is or are cancelled by reason of any act or omission of the Tenant, the Landlord shall have the right at its option to terminate this Lease forthwith by giving notice of termination to 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



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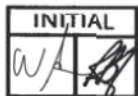
pay to the Landlord or other person whose policy has been affected, the amount by which such premium shall be so increased.

- 9.11 To keep the Demised Premises free of rubbish and debris at all times, to provide proper and sufficient receptacles for waste, and to ensure regular removal of such waste.
- 9.12 To comply promptly at its expense with all reasonable and lawful by-laws, rules and regulations of the Strata Corporation and/or the strata council of the Strata Corporation and all laws, ordinances, regulations or requirements, which may be applicable to the Tenant or to the manner of use of the Demised Premises, made by any and all federal, provincial and municipal authorities and all notices in pursuance of same.

9.13

- (a) The Tenant shall, at its expense, provide and maintain in force during the term of this Lease or any renewal thereof comprehensive general liability insurance in respect of the Demised Premises and for the benefit of the Tenant, 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 \$3,000,000.00, and insurance upon property of every description and kind owned by the Tenant or for which the Tenant is legally liable, or installed by or on behalf of the Tenant (and which is located within or adjacent to the Building in which the Demised Premises is located) in such amounts as may be reasonably required by the Landlord in respect of fire and such other perils as are from time to time defined in the usual extended coverage endorsement, including without limitation, sprinkler leakage and insurance covering the Tenant's Work, trade fixtures, stock, furniture and equipment, and all leasehold improvements of the Tenant whether installed by the Landlord or the Tenant, and which insurance shall include the Landlord as an additional insured as the Landlord's interest may appear with respect to insured Tenant's trade fixtures.
- (b) All insurance shall be effected with insurers and brokers and upon terms and conditions satisfactory to the Landlord, acting reasonably and copies of all policies shall be delivered to the Landlord.
- (c) All policies of insurance shall contain a clause requiring the insurer not to cancel or change the insurance without first giving the Landlord 30 days prior written notice thereof; PROVIDED HOWEVER that such written notice shall not be required upon termination of this Lease or any renewal thereof. If and whenever the Tenant is not Her Majesty the Queen in Right of the Province of British Columbia or a Permitted Transferee, then all policies of insurance shall contain a waiver of subrogation clause in favour of the Landlord.
- (d) The Tenant agrees that if it does not provide or maintain in force such insurance the Landlord may take out the necessary insurance and pay the premium therefor for periods of 1 year at a time and the Tenant shall pay to the Landlord, as additional rent, the amount of such premium immediately on demand.
- (e) If and whenever the Tenant is not Her Majesty the Queen in Right of the Province of British Columbia or a Permitted Transferee, the Tenant shall provide and maintain on its own behalf and at its own expense, insurance against business interruption for a period of no less than 3 months and paragraph 9.14(b) applies to the insurance required hereby.
- (f) The Landlord shall in no event be responsible for the collection or non-collection of any insurance proceeds but only for such insurance proceeds as shall come into its hands.
- (g) Notwithstanding any of the foregoing, for so long as the Tenant is Her Majesty the Queen in Right of the Province of British Columbia, or a Crown Corporation formed to conduct the Liquor Distribution Branch's business or otherwise a Permitted Transferee, then the Tenant may self-insure and in that regard: the Tenant confirms that it is insured for the aforementioned coverage; in the event of a claim the Tenant will respond as if the insurance coverage required by the Tenant herein was in place (with the exception of the waiver of subrogation endorsement which, for certainty, is not available under the self-insurance program); and the Landlord confirms that the Tenant is deemed to be in compliance with the insurance requirements set forth above provided that the Tenant remains insured in the manner described above. If during the Term or any extension or renewal thereof the Tenant proposes to assign this Lease to any other person pursuant to the terms of this Lease (other than to a Permitted Transferee or a Crown Corporation formed or mandated to conduct the Liquor Distribution Branch's business), then in connection with such assignment of this Lease the assignee will be required to provide the Landlord with certificates of insurance evidencing the policies of insurance described in this paragraph that meet all of the requirements herein.

- 9.14 To advise the Landlord and the Strata Corporation immediately upon becoming aware of the presence of any defect or dangerous condition existing on the Demised Premises or in or around the Building, and of damage thereto or any part



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thereof, including the utility, mechanical and electrical systems thereon: PROVIDED HOWEVER THAT such provisions shall not impose the obligation upon the Tenant to search such areas from time to time to ascertain whether or not any such dangerous conditions exist. The cost of any repair or replacement required to be made in or to any part of the Building other than the Demised Premises directly as a result of any neglect or intentional act or omission of the Tenant, its agents, employees or servants, shall be paid for in full by the Tenant

9.15 The Tenant shall indemnify and save harmless the Landlord from any and all liabilities, damages, cost, claims, suits or actions arising out of:

- (a) any breach, violation, or non-performance of any covenant, condition or agreement in this Lease as set forth and contained herein on the part of the Tenant, to be fulfilled, kept, observed or performed;
- (b) any damage to property of the Tenant or the Tenant's agents, contractors, employees, invitees, licensees or servants, while said property or persons shall be inside the Demised Premises; and
- (c) any injury to any licensee, invitee, agent or employee of the Tenant, including death resulting at any time therefrom, occurring inside the Demised Premises;

except where caused by the negligent act or omission of the Landlord or its agents, employees, or servants, and this indemnity shall survive the expiry or sooner termination of this Lease for a period of 24 months.

9.16 The Tenant shall examine the Demised Premises before taking possession hereunder or commencing the Tenant's Work and such taking of possession or commencing of work will be conclusive evidence as against the Tenant that at the Early Occupancy Date the Demised Premises were in good order and acceptable condition and that the Landlord's Work, if any, was substantially complete (save and except latent defects).

9.17 The Tenant shall, at the expiration or sooner determination of the Term or renewal thereof peaceably surrender and yield up unto the Landlord the Demised Premises with the appurtenances, together with all fixtures or improvements which are required to be left with the Landlord pursuant to the provisions of Article 11 herein, in a good and substantial condition of repair pursuant to the provisions herein, reasonable wear and tear excepted, and the Tenant shall deliver to the Landlord all keys to the Demised Premises which the Tenant has in its possession or control.

9.18 The Tenant covenants that it shall not, without the consent of the Landlord in writing first obtained, grant any franchise, license or concession over or in respect of all or any part of the Demised Premises or its business on the Demised Premises to any person other than to a Permitted Transferee.

9.19 The Tenant covenants and agrees at its sole expense, to comply with all laws, regulations and directions of all governments, public utilities and statutory authorities with lawful jurisdiction over the Tenant regarding the Tenant's occupation and use of the Demised Premises.

9.20 The Tenant covenants and agrees to comply and to cause its employees, invitees and others over whom the Tenant can reasonably be expected to exercise control to likewise comply with the Landlord's Regulations, as the same may be amended by the Landlord from time to time.

9.21 The Tenant covenants not to commit or permit any waste or nuisance upon the Demised Premises nor to overload the floors or obstruct the heating, ventilator or air conditioning vents. Upon written notice to the Tenant from the Landlord, from the Strata Corporation or from any lawful authority having jurisdiction, the Tenant shall forthwith, at its sole expense, abate any nuisance caused by vibration, noise, or offensive smell, or by any undue emission of smoke, vapour, or dust caused by the Tenant or arising directly or indirectly out of the operations carried on upon the Demised Premises.

9.22 The Tenant shall:

- (a) not use or permit to be used all or any part of the Demised Premises for the sale, storage, manufacture, disposal, use, or any other dealing with any Hazardous Substances, without the prior written consent of the Landlord, which may be unreasonably withheld;
- (b) strictly comply, and cause any person for whom it is in law responsible to comply, with all Environmental Laws regarding the use and occupancy of the Demised Premises;
- (c) promptly provide to the Landlord a copy of any environmental site assessment, audit, or report relating to the Demised Premises conducted by or for the Tenant at any time,;
- (d) promptly notify the Landlord in writing of any release of a Hazardous Substance or Hazardous Substances or any other occurrence or condition at the Demised Premises or any adjacent property which in the Tenant's opinion

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acting reasonably and in good faith would contaminate the Demised Premises or subject the Landlord or the Tenant to any fines, penalties, orders, investigations, or proceedings under Environmental Laws;

- (e) on the expiry or earlier termination of this Lease, or at any time if requested by the Landlord or required by any governmental authority pursuant to Environmental Laws, remove from the Demised Premises all Hazardous Substances and remediate any contamination of the Demised Premises or any adjacent property resulting from Hazardous Substances, in either case brought onto, used at, or released from the Demised Premises by the Tenant or any person for whom it is in law responsible. The Tenant shall perform these obligations promptly at its own cost and in accordance with Environmental Laws. All such Hazardous Substances shall remain the property of the Tenant, notwithstanding any rule of law or other provision of this Lease to the contrary and notwithstanding the degree of their affixation to the Demised Premises;
- (f) indemnify the Landlord and its directors, officers, employees, agents, successors, and assigns from any and all liabilities, actions, damages, claims, losses, costs, fines, penalties, and expenses whatsoever (including all legal and consultants' fees and expenses and the cost of remediation of the Demised Premises and any adjacent property) arising from or in connection with:
 - (i) any breach of or non-compliance with the provisions of this paragraph by the Tenant; or
 - (ii) any release or alleged release of any Hazardous Substance or Hazardous Substances at or from the Demised Premises related to or as a result of the use and occupation of the Demised Premises by the Tenant or any person for whom it is in law responsible. For the purposes of this paragraph, "release" includes release, spill, leak, pump, pour, emit discharge, eject, escape, leach, dispose or dump.

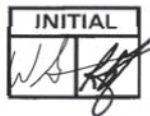
The obligations of the Tenant under this paragraph 9.22 shall survive the expiry or earlier termination of this Lease for a period of 24 months.

ARTICLE 10

COVENANTS OF THE LANDLORD

The Landlord covenants and agrees with the Tenant:

- 10.1 That provided the Tenant pays the rent hereby reserved and performs the covenants herein on its part contained, it may peaceably possess and enjoy the Demised Premises for the Term hereby granted including any extension or renewal terms and without any interruption or disturbance from the Landlord or any other person or persons, lawfully claiming by, from or under it.
- 10.2 To use commercially reasonable efforts to be a member of and attend all strata council meetings, and exercise its vote(s) to cause the Strata Corporation to comply with its obligations under the *Strata Property Act*, and amendments thereto, to:
 - (c) obtain and maintain insurance of the Building, the common facilities and any insurable improvements owned by the Strata Corporation to their full replacement values;
 - (d) obtain and maintain comprehensive general liability insurance upon such terms and in such amounts as may be reasonably required by the Strata Corporation in respect of injury or death to one or more persons and in respect of property damage;
 - (e) comply with notices or orders by a competent public or local authority requiring repairs or work to be done in respect of the land included in the Strata Plan or the Building, common facilities or assets in the Strata Corporation;
 - (d) require other members of the Strata Corporation or tenants thereof to comply with and conform to any and all relevant municipal, provincial and federal laws, and any rules and regulations that may be applicable to persons, buildings and property within the Strata Plan, as well as bylaws, rules and regulations of the Strata Corporation;
 - (e) to allow the Tenant in common with others to pass and repass over the common areas within the Strata Plan, subject to the provisions of the bylaws, rules and regulations of the Strata Corporation, including without undue interference by other members of the Strata Corporation or tenants thereof; and
 - (f) make available at the Demised Premises utility services available to the Building, which require the use of wires, ducts, pipes or conduits.
- 10.3 That provided the Tenant pays the rent and other amounts payable hereunder and performs the covenants herein on its part to be performed, to pay or cause to be paid the Taxes except the Tenant's Taxes or any other taxes directly assessed or charged to or payable by the Tenant or any other tenant of the Strata Plan or assessed or charged with


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reference to the use or occupation of the Demised Premises or other rented portions of the Building, and except as herein otherwise provided.

- 10.4 Subject to the by-laws, rules and regulations of the Strata Corporation, the Tenant and its employees, agents, customers, and invitees shall have the right, appurtenant to the Demised Premises, to park its motor vehicles and those of its employees and customers and invitees upon the parking areas designated on the Strata Plan as limited common property for the exclusive use of the Demised Premises and to use the loading areas designated for the exclusive use of the Demised Premises, as identified as "Dock Loading" in the second sketch plan comprising Schedule "D". The Tenant shall ensure that none of its vehicles or those of its employees, customers, or invitees are parked in those portions of the Strata Plan designated as loading areas or spaces for parking motor vehicles for the exclusive use of other owners, or tenants of the Building or their respective customers, employees, or invitees and the Landlord shall ensure, or cause the Strata Corporation to ensure, that no vehicles of any other tenants or their respective employees, customers, or invitees are parked in those portions of the Strata Plan designated as loading areas or spaces for parking motor vehicles for the exclusive use of the Tenant.
- 10.5 [Intentionally Deleted]
- 10.6 [Intentionally Deleted]
- 10.7 During the Term, or any renewal thereof, the Landlord will attend all meetings of the Strata Corporation (or will provide an appropriate proxy, which may be the Tenant from time to time) and will provide the Tenant with copies of the notices of such meetings, the agendas of such meetings and the minutes of such meetings, as soon as practicable after the Landlord has received the same (provided that such minutes may be redacted to remove private or confidential information of the Landlord, the Strata Corporation, the strata council, or a third party which information does not relate to or involve the Demised Premises or this Lease or to which the Tenant is not otherwise entitled to receive). Further, the Landlord will not exercise any of its votes in the Strata Corporation in any manner which would be inconsistent with or so as to prevent the carrying out of the covenants, agreements, terms and provisions of this Lease by the Landlord or the Tenant, and the Landlord shall not vote in favour of an amendment to the bylaws of the Strata Corporation the effect of which would compromise or preclude the Tenant's use of the Demised Premises as permitted pursuant to paragraph 8.1. In this regard, at least 3 days prior to casting any vote (of which the Landlord has at least 3 days' prior notice) in its capacity as a strata lot owner in respect of any and all matters that in any way whatsoever affect the Tenant's ability to operate and carry on its business from the Demised Premises, the Landlord will request input and direction from the Tenant as to how the Tenant wishes the Landlord or the Landlord's proxy, as applicable, to vote. The failure of the Landlord to vote or to authorize a proxy to vote on such matters as directed by the Tenant will constitute a breach of this Lease
- 10.8 The Landlord will use its best commercial efforts to cause the Strata Corporation, under the Strata Property Act, to maintain the common areas which are to be maintained by the Strata Corporation. The Landlord will exercise its votes in the Strata Corporation consistent with the Strata Corporation being obligated to observe and perform the obligations of the Landlord under this Lease and will not exercise its votes in any manner that could be inconsistent with the Tenant's right under this Lease, including without limitations, its right to use any common property in accordance with this Lease.
- 10.9 The Landlord will disclose to the Tenant copies of any reports which relate to all or any part of the Strata Plan and Building and issued by the Strata Corporation to the Landlord, promptly after the Landlord's receipt thereof (provided that such reports may be redacted to remove private or confidential information of the Landlord, the Strata Corporation, the strata council, or a third party).
- 10.10 To observe and perform all the covenants and obligations of the Landlord herein. Without limiting the foregoing, the Landlord covenants with the Tenant to keep in a good and reasonable state of repair, and replace promptly as required, (and subject to the due and timely performance by the Tenant of its obligations to maintain, operate and repair the Demised Premises and to pay Additional Rent pursuant to this Lease) all structural components of the Building in which the Demised Premises is located (including, without limitation, footings, foundations, bearing walls, exterior walls, loading bay doors elevators, structural columns, joists and beams, and roof supporting beams); the roof or roof membrane of such Building, and the heating, ventilating and air-conditioning and all other mechanical operating equipment and building systems in the Demised Premises all in the manner and at times as would be undertaken by a conscientious landlord in order to keep the Building in the condition and to the standard from time to time prevailing

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for a comparable class of commercial warehouse building in Metro Vancouver and for a comparable class of tenant as the Tenant.

- 10.11 To pay when due any special levies, and any portion of contributions payable to the Strata Corporation to the extent that they pertain to present or future capital repairs or replacements of: structural components of the Building in which the Demised Premises is located (including, without limitation, footings, foundations, bearing walls, exterior walls, loading bay doors, elevators, structural columns, joists and beams, and roof supporting beams); the roof or roof membrane of such Building; and the heating, ventilating and air-conditioning and all other mechanical operating equipment and building systems in the Demised Premises (and subject to the due and timely performance by the Tenant of its obligations to maintain, operate and repair the Demised Premises and to pay Additional Rent pursuant to this Lease).

ARTICLE 11

ALTERATIONS AND INSTALLATIONS

- 11.1 The Tenant shall not without the prior written consent of the Landlord, which consent shall not be unreasonably withheld make any alterations, repairs or improvements to the exterior structure or roof of the Demised Premises, or the mechanical equipment or systems or other common property within or comprising the Building in which the Demised Premises is located; provided that any such alterations, repairs or improvements to the Demised Premises are completed to a standard in keeping with the appearance and character of the Building and in compliance with the rules and regulations of the Strata Corporation. The Tenant shall submit to the Landlord and the Strata Corporation 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 reasonable cost of having its architects or engineers examine such plans and specifications. Any and all such work to be done or material to be supplied pursuant to this paragraph shall be at the sole cost and expense of the Tenant and to the extent Landlord consent is required, shall be done and supplied and paid for in the manner and according to such terms and conditions if any, as the Landlord may prescribe, acting reasonably. Any connection of apparatus to the electrical system other than a 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 paragraph.
- 11.2 The Landlord and its authorized agents, employees and contractors, or duly authorized representatives of the Strata Corporation may from time to time during normal business hours (or such other time or times acceptable to the Landlord as may be arranged with the Tenant) accompanied by a representative of the Tenant enter, view and inspect the state of construction of the Tenant's Work upon giving the Tenant not less than 24 hours advance notice to enter the Demised Premises for such purposes and the Tenant shall provide free and unhampered access for such purposes. The Landlord in exercising its rights under this provision shall do so without interfering with, compromising or increasing the risk of exposure to any person, of confidential information of the Tenant or the Tenant's products stored in the Demised Premises.
- 11.3 The existing racking in the Demised Premises is the property of the Landlord and will remain in the Demised Premises for the Tenant's use (and with the obligation to repair, maintain and restore such racking at the Tenant's expense) during the Term and any renewal hereof. The Tenant may alter the existing racking by re-configuring or adjusting it or moving the existing racking within the Demised Premises but the Tenant shall not remove any of the existing racking without first delivering written notice to the Landlord. If the existing racking or any part of such racking is to be removed, the Landlord shall obtain and transport such racking at a time and otherwise on terms mutually acceptable to the Tenant and Landlord, for resale, and may sell or otherwise dispose of it at such price and on such terms as the Landlord deems appropriate, and any proceeds obtained from the resale or other disposition will be for the sole benefit of the Landlord.
- 11.4 The Tenant shall not suffer or permit any builder's lien to be filed against the interest of the Landlord or the Tenant in the Demised Premises by reason of work, labour, services or material supplied or claimed to have been supplied to the Tenant, and if any such builder's lien shall at any time be filed against the Demised Premises the Tenant shall cause the same to be discharged from title to the Demised Premises within 15 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, together with a reasonable amount for costs, into Court to the credit of any action commenced pursuant to such builder's lien, without investigation of the validity of the claim, and the amount paid by the Landlord shall be paid by the Tenant to the Landlord forthwith upon demand.

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- 11.5 Except only articles of moveable personal property and moveable business and trade fixtures, showroom fixtures, machinery and equipment, and movable partitions owned or installed by the Tenant at the expense of the Tenant and except as otherwise expressly provided in this Lease, all alterations, additions and improvements to the Demised Premises (other than the Tenant's Work) shall remain the property of the Landlord and shall be deemed fully annexed to and form part of the Demised Premises. Any excepted articles of moveable personal property and moveable business and trade fixtures, machinery and equipment may not be removed by the Tenant except in the normal course of business until all rent and other amounts due or to become due during the term of this Lease or any renewal of this Lease is fully paid and provided that the Tenant at its expense shall repair any damage to the Demised Premises or the Building caused by the original installation, existence, use or removal thereof.
- 11.6 The Tenant will be fully responsible, at the Tenant's sole cost and expense, for removing the Tenant's Work and restoring the Demised Premises to the Early Occupancy Building Condition at the expiration or earlier termination of the Term or any renewal or extension of the Term, provided however that the Tenant will remove its furniture, equipment, trade fixtures, cabling, communications wiring, and specialty areas (such as, by way of example, but not limited to demising concrete or concrete walls whether or not reinforced) and provided further that the foregoing is in addition to the Tenant's obligations to repair damage and maintain the Demised Premises throughout the Term as set out herein.
- 11.7 At the expiration of this Lease or any renewal hereof, or within 30 days after such expiration, the Landlord may elect to require the Tenant, in addition to the removal of the Tenant's Work, to remove all or any part of the moveable business and trade fixtures, machinery and equipment, cabinet work, furniture and other property owned or installed by or on behalf of the Tenant, in which event such removal shall be done at the Tenant's expense and the Tenant shall, at its expense, repair any damage to the Demised Premises, or to the Building in which the Demised Premises is located, by such removal.
- 11.8 If the Tenant does not remove the property as hereinbefore provided after receipt of the written notice by the Landlord and the expiry of 30 days, such property shall, if the Landlord so elects, be deemed to become the Landlord's property or the Landlord may remove the same at the expense of the Tenant, and the cost of such removal and the cost of any required repairs to the Demised Premises in respect thereof shall be paid by the Tenant forthwith to the Landlord on demand, and the Landlord will not be responsible for any loss or damage to such property because of such removal.
- 11.9 The Tenant acknowledges that, unless it is otherwise agreed with the Landlord, it has entered into this Lease on the express understanding that it is the Tenant's obligation to complete and pay for the Tenant's Work, including, without limiting the generality of the foregoing, obtaining any municipal or other statutory permits which may be required in connection with the Tenant's Work.
- 11.10 The Landlord hereby confirms and agrees that it and the Strata Corporation have previously received from the Tenant, the preliminary information for the construction and installations described in the conceptual description for the Tenant's Work which is included in Schedule "E" to this Lease. The Landlord agrees in concept that the Tenant may complete the Tenant's Work substantially as described in Schedule "E", including such work as may be modified or expanded, provided however it is understood and agreed that the Tenant must first comply with the requirements of paragraph 11.1 (particularly but not only with respect to the requirement for the Tenant to provide detailed plans and specifications for the Tenant's Work to the Landlord for its prior review, approval and consent, such review, approval and consent not to be unreasonably withheld or delayed by the Landlord) and must keep the Landlord and Strata Corporation informed of the progress of such work.

ARTICLE 12

PROPERTY LOSS, DAMAGE AND REIMBURSEMENT

- 12.1 Other than as hereinbefore provided, and except where such loss or damage is caused by the negligent, intentional or wilful acts or omissions of the Landlord or any person for whom it is responsible at law, the Landlord shall not be responsible in any way for any injury to any person or for any loss 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 at the Demised Premises while such person or property is in or about the Demised Premises or any common area parking areas, lawns, sidewalks, steps, truckways, platforms, corridors, stairways, or elevators in connection therewith, including without limiting the foregoing, any loss of or damage 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 in which the Demised Premises is located or any adjacent or neighbouring 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

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wiring or for any damage caused by smoke or anything done or omitted to be done by any other tenant of premises in the Building for any other loss whatsoever with respect to the Demised Premises and/or any business carried on therein.

- 12.2 Under no circumstances shall the Landlord be liable for economic, indirect or consequential damage.

ARTICLE 13

DAMAGE OR DESTRUCTION TO THE DEMISED PREMISES

- 13.1 If, during the term or any renewal thereof, the Demised Premises shall be destroyed or damaged, the following shall apply:
- (a) If the Demised Premises are unfit in part for occupancy by the Tenant, the rent shall abate in part only in the proportion that the Demised Premises are unfit, and if the Demised Premises are wholly unfit for occupancy by the Tenant, the rent shall be suspended until the Demised Premises have been rebuilt, repaired or restored, PROVIDED HOWEVER THAT, in the event such destruction or damage is caused solely by the intentional or negligent act or omission of the Tenant, or those for whom the Tenant is responsible in law, the Tenant shall, in this event, continue to make the rent payments as hereinbefore provided.
- (b) If there is substantial destruction to the Demised Premises or the Building in which the Demised Premises is located, whether or not the Demised Premises is affected, either the Landlord or the Tenant may within 6 months after such substantial destruction and on giving written notice to the other party, declare this Lease terminated forthwith and in such event, rent shall be apportioned and shall be payable up to the time of such substantial destruction, and the Tenant shall be entitled to be repaid by the Landlord any rent paid in advance and unearned.

ARTICLE 14

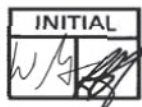
EXPROPRIATION

- 14.1 If the Demised Premises shall be acquired or condemned by an authority having the power of such acquisition or condemnation, the term of this Lease shall cease from the date of entry by such authority. If only a portion of the Demised Premises – being an area of 25% or more of the area of the Demised Premises – shall be so acquired or condemned, this Lease shall cease and terminate at the Landlord's option, or at the Tenant's option, in either case within 60 days of the date of entry by such authority, and if such option is not immediately exercised by 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; but in such event neither party shall have an action against the other in respect of any breach of this Lease caused directly or indirectly by such event.

ARTICLE 15

ACCESS TO DEMISED PREMISES

- 15.1 The Tenant shall permit the Landlord and the Strata Corporation to erect, build, use and maintain unexposed pipes, wire ducts and conduit in and throughout the Demised Premises. The Landlord, the Strata Corporation and their respective servants and agents shall have the right to enter the Demised Premises at reasonable times accompanied by a representative of the Tenant to examine the same and make such repairs, alterations, improvements or additions as the Landlord or the Strata Corporation may deem necessary or desirable in the Demised Premises or may be required to be made by law or in order to repair and maintain the Building; and the Landlord and the Strata Corporation shall be allowed to take all workers, equipment and material into the Demised Premises that may be required therefor without the same constituting the eviction of the Tenant in whole or in part and the rent reserved shall in no way abate while said repairs, alterations, improvements or additions are being made by reason of interruption of the business of the Tenant. The Landlord in exercising its rights under this provision shall do so without interfering with, compromising or increasing the risk of exposure to any person, of confidential information of the Tenant or the Tenant's products stored in the Demised Premises. The Landlord will exercise reasonable diligence, and use commercially reasonable efforts to cause the Strata Corporation to exercise reasonable diligence, so as to minimize the disturbance or interruption of the Tenant's business operations.
- 15.2 The Landlord shall have the right during the last 6 months of the said term to place upon the exterior or roof of the Building in which the Demised Premises is located a notice of reasonable dimensions and reasonably placed so as not to



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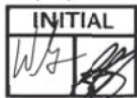
interfere with the business of the Tenant, stating that the Demised Premises are for rent or for sale and the Tenant will not remove such notice or permit the same to be removed.

- 15.3 The Landlord and the Strata Corporation shall have the right to decorate, make additions to and/or improvements or installations in and/or repairs to the exterior of the Building and/or the common property and common areas and the same may be changed, added to or improved from time to time and in relation to any such addition, improvements, installations, or repairs, the Landlord or the Strata Corporation may cause such reasonable obstructions of and interference with the use or enjoyment of the Building, the Demised Premises and/or common property and common areas as may be reasonably necessary for the purposes aforesaid and may interrupt or suspend the supply of electricity, water or other services when reasonably necessary and until said additions, improvements, installations, or repairs shall have been completed and there shall be no abatement in rent nor shall the Landlord or the Strata Corporation be liable by reason thereof provided always that all such additions, improvements, installations or repairs shall be made as expeditiously as reasonably possible.

ARTICLE 16

DEFAULT

- 16.1 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 14 days after the written notice thereof to the Tenant by the Landlord, or in case the Demised Premises shall be abandoned by the Tenant for 15 or more consecutive days, 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 by force if necessary and may remove all persons therefrom and may use such force and assistance in making such removal as the Landlord may deem advisable 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. If and to the extent due to the laws, regulations and procedures governing the products to be stored in and distributed from the Demised Premises, and the Tenant's confidential information contained within the Demised Premises, the Landlord will not have any right to seize or remove any product, property, goods or chattels of the Tenant contained within the Demised Premises, but rather the Tenant will use its best commercial efforts to relocate all such product, property, goods, chattels and confidential information as quickly as possible on the cancellation of this Lease by the Landlord pursuant to this paragraph.
- 16.2 If during the Term or any renewal thereof any of the goods and chattels of the Tenant shall be seized or taken in attachment by any creditor of the Tenant, or if a writ of execution, sequestration, or extent shall issue against the goods and chattels of the Tenant, or if any petition or other application is presented to any court of competent jurisdiction for the dissolution, liquidation, or winding-up of the Tenant or for the appointment of a receiver or receiver and manager, or if the Tenant shall become bankrupt or insolvent or take the benefit of any statute now or hereafter in force for bankrupt or insolvent debtors, or if the Demised Premises shall be used for any purpose other than permitted by the terms of this lease without the prior written consent of the Landlord and shall continue for 14 days after the written notice thereof to the Tenant by the Landlord, or if the Tenant shall make an assignment for the benefit of creditors or shall make any sale or other disposition of all or substantially all of its goods and chattels (except incidental to its amalgamation with any other organization), then and in every case the Tenant shall be, and be deemed to be, in default under this Lease; the then-current (and in the case of assignment for the benefit of creditors the next ensuing three months' rent) and additional rent (to be determined for the current year at rates estimated by the Landlord acting reasonably) and any additional money owing hereunder shall immediately become due and payable; the Landlord may re-enter and take possession of the Demised Premises or any part thereof in the name of the whole, and have again, repossess, and enjoy the Demised Premises in its former estate, subject only to the limitations in paragraph 15.1, as though the Tenant were holding over after the expiration of the Term; and the Term and any renewal thereof shall, at the option of the Landlord, forthwith become forfeited and determined and the then-current (and in the case of assignment for the benefit of creditors the next ensuing three months' rent), the additional rent (to be determined for the current year at rates estimated by the Landlord acting reasonably) and any additional money owing hereunder shall be recoverable by the Landlord as if it were rent in arrears, but the Tenant shall remain liable under this Lease.
- 16.3 If the Demised Premises at any time during the Term become vacant in consequence of their abandonment by the Tenant or the removal of the Tenant by legal process for non-payment of rent, breach of covenant or any other cause described herein, the Landlord may at its option re-enter the Demised Premises and re-let the same as agent for the Tenant for such rent and on such terms as the Landlord may see fit, and the rent received by the Landlord therefrom will be applied first to any expenses for re-entering and re-letting and then to the rent and payments herein reserved



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and payable by the Tenant, and in the event of the monies so received not being sufficient to satisfy the rent and payments hereunder reserved as they become due, the Tenant will pay the Landlord the amount of the deficiency.

- 16.4 If the Tenant shall fail to observe or perform any of the covenants or obligations of the Tenant under or in respect of this Lease within the cure periods provided herein, the Landlord may from time to time at its discretion and upon prior written notice to the Tenant 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, provided that it enters the Demised Premises accompanied by a representative of the Tenant and does so without interfering with, compromising or increasing the risk of exposure to any person, of confidential information of the Tenant or the Tenant's products stored in the Demised Premises; and all costs and expenses incurred and expenditures made by or on behalf of the Landlord shall be forthwith paid by the Tenant to the Landlord. 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. Nothing in this paragraph shall require the Landlord to directly or indirectly commence or complete such performance of the Tenant's covenants or obligations.

- 16.5 The Tenant further covenants and agrees that upon the Landlord becoming entitled to re-enter upon the Demised Premises under any of the provisions of this Lease, the Landlord, in addition to all other rights and remedies, shall have the right to forthwith terminate this Lease and the Term or any renewal thereof and all of the rights of the Tenant hereunder by giving notice in writing addressed to the Tenant of its intention so to do, and any other payments for which the Tenant is then liable under this Lease shall be paid and the Tenant shall forthwith deliver up possession of the Demised Premises to the Landlord, and the Landlord may re-enter and take possession of the Demised Premises without limitation to its right to claim damages arising from the Tenant's breach.

ARTICLE 17

DISTRESS

- 17.1 Further to the provisions of paragraph 15.1, if and to the extent due to the laws, regulations and procedures governing the products to be stored in and distributed from the Demised Premises, and the Tenant's confidential information contained within the Demised Premises, the Landlord will not have any lawful right to seize or remove any product, property, goods or chattels of the Tenant contained within the Demised Premises, then the Landlord hereby waives its right of distress as against the product, property, goods and chattels of the Tenant.

ARTICLE 18

LANDLORD'S EXPENSES ENFORCING LEASE

- 18.1 If it shall be necessary for the Landlord to retain the services of a solicitor or any other proper person for the purpose of assisting the Landlord in enforcing and/or determining any of its rights hereunder in the event of default on the part of the Tenant, it shall be entitled to collect from the Tenant the cost of all such services including all actual legal fees and disbursements as if the same were rent reserved and in arrears hereunder.

ARTICLE 19

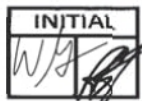
WAIVER

- 19.1 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.
- 19.2 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.

ARTICLE 20

HOLDING OVER

- 20.1 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 hereafter shall, in the absence of a written agreement to the contrary, be from month to month only at a rental per month equal to 125% of the rental payable for the month immediately preceding such expiration, payable monthly in advance on the first day of each lease month and shall be subject to all other terms and conditions of this Lease other than any right of renewal herein.



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ARTICLE 21

INABILITY TO PERFORM

- 21.1 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, additions, renewals, modifications, strikes, riots, insurrections, labour controversies, force majeure, act of God or other cause or causes 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 cannot be lawfully fulfilled); and the Landlord shall take reasonable steps if any are available to it to remove the cause of such interruptions.
- 21.2 Whenever and to the extent that the Landlord shall be unable to fulfil, or shall be delayed or restricted in the fulfilment of any obligation hereunder by reason of being unable to obtain the material, goods, equipment, service, utility, or labour required to enable it to fulfil any such obligation, or by reason of any statute, law, or order-in-council or any regulation or order passed or made pursuant thereto, or by reason of the order or direction of any administrator, controller, or board, or any governmental department or officer or other authority, or by act of God, or by reason of not being able to obtain any permission or authority required thereby, or by reason of strikes, lockouts, or other industrial disturbances, explosion, breakage or accident to machinery, or by reason of any other cause beyond its control whether of the foregoing character or not, the Landlord shall be entitled to extend the time for fulfilment of such obligation by a time equal to the duration of such delay or restriction, and the Tenant shall not be entitled to compensation for any inconvenience, nuisance, discomfort, or damage thereby occasioned, and shall not be entitled to cancel or terminate this Lease.

ARTICLE 22

RIGHT TO PERFORM

- 22.1 If the Tenant shall fail to perform any of the covenants or obligations of the Tenant under or in respect of this Lease beyond any applicable cure period, 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 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.
- 22.2 If in circumstances or due to causes other than the circumstances or causes described in sections 21.1 or 21.2, the Landlord refuses or neglects to perform any or all of the Landlord's obligations set out under the terms of this Lease in a timely and commercially reasonable manner after receiving not less than thirty (30) days prior written notice to cure, then if the Landlord shall fail to perform Landlord's obligations set out under the terms of this Lease beyond the applicable cure period, the Tenant may on further written notice to the Landlord thereafter perform any or all of those obligations of the Landlord, and the Tenant may deduct all reasonable out-of-pocket costs and expenses incurred by the Tenant for such purposes from any payments due to or to accrue due to the Landlord under this Lease provided the Tenant delivers thirty (30) days prior written notice, including copies of the invoices or statements evidencing such costs and expenses.

ARTICLE 23

REMEDIES CUMULATIVE

- 23.1 No remedy conferred upon or reserved to the Landlord herein, by statute or otherwise, shall be considered exclusive of any other remedy, but the same shall be cumulative 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.
- 23.2 No right or remedy provided by 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.

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ARTICLE 24

TRANSFER BY LANDLORD

- 24.1 The term "Landlord" as used in this lease so far as covenants or obligations on the part of the Landlord are concerned shall be limited to mean the Landlord as herein defined, while it retains its interest in the Demised Premises but upon a transfer of that interest to a bona fide third party at arm's length to the Landlord, the Landlord shall be automatically relieved after the date of such transfer of all future 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 assume, subject to the limitations of this Article, from the date of such transfer, all of the terms of this Lease to be performed on the part of the Landlord, it being intended hereby that the obligations contained in this Lease on the part of the Landlord shall be binding upon the Landlord, its successors and assigns, only during and in respect of the respective successive periods of their interest in the Demised Premises.
- 24.2 The rights of the Landlord under this Lease may be mortgaged, charged, transferred or assigned to a purchaser or to a mortgagee, or trustee for bondholders 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 Demised Premises, the Tenant agrees to attorn to and become the Tenant of such purchaser, mortgagee or trustee under the terms of this Lease.
- 24.3 This Lease is subject and subordinate to all mortgages, trust deeds or trust indentures in favour of one or more third parties (individually a "chargeholder") which may now or at any time hereafter affect in whole or in part the Demised Premises and whether or not any such mortgage, trust deed or trust indenture shall affect only the Demised Premises or shall be a blanket mortgage, trust deed or trust indenture affecting other premises as well. This Lease shall also be subject and subordinate to all renewals, modifications, consolidations, replacements and extensions of any such mortgage, trust deed or trust indenture. In confirmation of such subordination and agreement to attorn, the Tenant shall execute promptly upon request by the Landlord any certificate, instruments of postponement or attornment or other instruments which may from time to time be requested to give effect hereto; provided however that as a condition of any such subordination, postponement or attornment, such chargeholder shall confirm in writing to the Tenant that the Tenant shall have the right, if it is not in default under this Lease, to remain in possession of the Demised Premises in accordance with the terms of this Lease in the event that such chargeholder obtains title to or the right to occupy the Demised Premises by way of foreclosure or otherwise. Further, the Landlord will upon request of the Tenant use its commercial best efforts to obtain from any such chargeholder a non-disturbance agreement in favour of the Tenant which shall confirm in writing to the Tenant that the Tenant shall have the right, if it is not in default under this Lease, to remain in possession of the Demised Premises in accordance with the terms of this Lease in the event that such chargeholder obtains title to or the right to occupy the Demised Premises by way of foreclosure or otherwise.
- 24.4 Within 10 days after request therefor by the Landlord or in the event that upon any sale, assignment, hypothecation or mortgaging of the Demised Premises by the Landlord an estoppel certificate shall be required from the Tenant, and Tenant covenants and agrees with the Landlord to deliver such estoppel certificate to any proposed chargeholder or purchaser, or to the Landlord, certifying (if such be the case) the status and validity of this Lease, the state of the Landlord's account hereunder, that this Lease is in full force and effect and that there are no defenses, offsets or prepayments thereto.

ARTICLE 25

ASSIGNMENT AND SUBLETTING

- 25.1 The Tenant shall not assign, sublet, hypothecate or otherwise encumber or transfer the beneficial title in this lease without first having obtained the Landlord's written consent thereto which, subject to the Landlord's prior option set out below, shall not be unreasonably withheld in the case of an assignee or sub-tenant who shall, at its own cost, enter into an agreement with the Landlord in writing and under seal, in such form as the Landlord shall reasonably require, to be bound by all of the Tenant's obligations under the lease and provided always that the permitted use of the Demised Premises shall not be changed.
- 25.2 The sale, transfer or other disposition of the Tenant's business or change in control of a corporate tenant other than to an Affiliate (as defined in the *Business Corporations Act*, S.B.C. 2002 Ch. 57 and amendments or replacements thereto), shall be deemed an assignment for the purpose of this clause. In the event that such transfer or other disposition is to an Affiliate then the Tenant need not obtain the Landlord's consent, but shall provide 30 days advance written notice of its intent and in such case the Tenant shall remain bound by the terms of this lease and shall further obtain from such Affiliate a covenant in favour of the Landlord to pay the rent and not to further assign or sublet without first obtaining the consent of the Landlord thereto.

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- 25.3 Notwithstanding the foregoing, provided the Tenant is Her Majesty the Queen in Right of the Province of British Columbia, the Tenant shall not require the consent of the Landlord in connection with an assignment, sublet, hypothecate or encumbrance or transfer of the beneficial interest in this Lease to: (i) an entity which controls, is controlled by, or is under common control with the Tenant, including a Crown corporation, a Crown agency or a public agency (as defined in the *Public Agency and Accommodation Act*); or (ii) a restructuring or reorganization of the Tenant which changes the immediate parent entity of the Tenant, provided the ultimate parent entity remains Her Majesty the Queen in Right of the Province of British Columbia, (collectively, a "Permitted Transferee"). Any assignment, sublet, hypothecation or encumbrance or transfer to a Permitted Transferee will be effective upon prior written notice being delivered to the Landlord and the Permitted Transferee executing and delivering to the Landlord confirmation that it assumes all the obligations of the Tenant hereunder.
- 25.4 In no event shall any assignment or subletting to which the Landlord may have consented release or relieve the Tenant from its obligations fully to perform all the terms, covenants and conditions of this Lease on its 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.

ARTICLE 26

NOTICES

- 26.1 Any notice required or contemplated by any 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 paid and mailed in one of Her Majesty's Post Offices in the Province of British Columbia, 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 of in writing during the Term hereof, or at such other address as either party may notify the other of 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 fifth day following the date of such posting, as the case may be.

ARTICLE 27

INTERPRETATION

- 27.1 This Lease shall be construed in accordance with the laws of the Province of British Columbia.
- 27.2 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.
- 27.3 The captions in this Lease are deemed to be inserted for convenience of reference only and shall not be referred to in the construction or interpretation of this Lease.
- 27.4 If any party hereto is comprised of more than one person, firm or corporation, then the respective covenants of that party shall be deemed joint and several covenants of each of such persons, firms and corporations.

ARTICLE 28

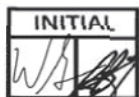
WHOLE OF AGREEMENT

- 28.1 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 representative or agent of the representatives with reference hereto shall vary or modify this Lease in any way, except in writing under seal, and that this Lease contains all of the agreements and conditions.

ARTICLE 29

MISCELLANEOUS

- 29.1 If the Tenant pays all costs, expenses, fees, and taxes in connection with the preparation for registration and in connection with registration of this Lease in the appropriate land title office and the costs of any plans required for such registration, then the Landlord shall within a reasonable period of time after request of Tenant execute and deliver this lease in registrable form.
- 29.2 It is understood and agreed that nothing contained in this Lease nor any of the acts of the parties hereto shall be deemed to create any relationship between the parties other than that of the Landlord and Tenant.
- 29.3 This Lease together with the Schedules and Regulations annexed hereto shall enure to the benefit of and be binding upon the parties hereto, and their respective heirs, administrators, executors, successors and permitted assigns.

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- 29.4 This Lease shall be interpreted in accordance with and the parties hereto shall attorn to the laws of the Province of British Columbia. In the event that there is any conflict between the body of the Lease, the Schedules annexed hereto or the Regulations made hereunder, the body of the Lease proper shall take priority over the Schedules and the Schedules shall take priority over the Regulations.
- 29.5 When the singular or masculine or neuter is used in this Lease, the same 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. If the Tenant is more than one person, the obligations of those comprising the Tenant shall be joint and several.
- 29.6 This Lease together with the Schedules annexed hereto are deemed to form a part hereof shall comprise the entire agreement and no prior stipulation, covenants, representations, warranties, conditions, agreements, or undertakings, express or implied, verbal or otherwise of the parties or their agents shall be valid and enforceable unless made in writing initialled by both parties and embodied in the provisions of this Lease, or the Schedules hereto.


IN WITNESS WHEREOF each of the parties hereto has affixed its hand or corporate seal to these presents on the day and year first above written.


GRAFTON ENTERPRISES LTD.
(being the sole owner of all strata lots
and common property comprising Strata Plan LMS2469)
by its authorized signatory:



H. Wayne Grafton

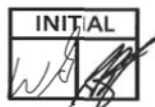
**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA,
AS REPRESENTED BY THE ATTORNEY GENERAL AND THE GENERAL MANAGER
OF THE LIQUOR DISTRIBUTION BRANCH**
by its authorized signatory:



Name: 

Name: **R. BRIAN LAWSON**

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SCHEDULE "A"

Legal Description and Plan of Demised Premises

Legal Description:

Parcel Identifier: 023-475-803
Strata Lot 1 Section 29 Block 5 North Range 5 West
New Westminster District Strata Plan LMS2469; and

Parcel Identifier: 023-475-811
Strata Lot 2 Section 29 Block 5 North Range 5 West
New Westminster District Strata Plan LMS2469;

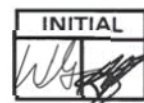
together with the premises and structures adjacent and connected to the above described property and located on that portion of land added to the common property of LMS2469 and formerly known and described as that part of Lot 32 Plan 58707 included within Lot A, Plan LMP35580 (See land title instruments filed under BL375109, BL375110 and BL390406 respectively)

Civic Address: 3389 No. 6 Road, Richmond, B.C.

Plan: See attached plan of the Demised Premises

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Withheld pursuant to/removed as

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SCHEDULE "B"

OPTIONS TO RENEW

FIRST RENEWAL

B.1 If the Tenant duly and punctually observes and performs the covenants, agreements, conditions, and provisos in this Lease on the part of the Tenant to be observed and performed, the Landlord shall at the expiration of the Term, at the cost of the Tenant and at its written request delivered to the Landlord in the manner provided for in this Lease not earlier than 12 months and not later than 9 months prior to the expiration of the Term, grant to the Tenant a renewal lease of the Demised Premises for a further term of 5 years (the "First Renewal Term") from the expiration of the Term, upon all of the covenants, agreements, conditions, and provisos contained in this Lease except this covenant for the option to renew for the First Renewal Term and any provisions for Landlord's Work, , free rent, leasehold improvement allowances or inducements, and except the Annual Basic Rent to be paid during the First Renewal Term.

B.2 The annual basic rent for the First Renewal Term shall be the then-fair market rent for the Demised Premises, being the rent which would be paid for the Demised Premises in their then-current condition (including all leasehold improvements thereto) or in whatever condition the Landlord is entitled to require the Tenant to leave the Demised Premises at the expiration of the Term, whichever condition would result in higher rent, as between persons dealing in good faith and at arm's length and without regard to any restrictive covenants as to use; PROVIDED that the Annual Basic Rent payable during the First Renewal Term shall not be less than the annual basic rent payable during the last year of the Term.

B.3 The renewal lease of the First Renewal Term is deemed to incorporate all of the terms and provisions of the Lease as modified by this Schedule, and the parties ratify and confirm all of the terms and conditions of the Lease as so amended. The parties shall not be obliged to enter into a separate renewal lease to give effect to this Schedule but the Tenant will, at the Tenant's cost, execute a separate renewal lease if required by the Landlord to do so.

SECOND RENEWAL

B.4 If and only if the option with respect to the First Renewal Term has been duly and validly exercised by the Tenant and if the Tenant duly and punctually observes and performs the covenants, agreements, conditions, and provisos in this Lease on the part of the Tenant to be observed and performed during the First Renewal Term, the Landlord shall at the expiration of the First Renewal Term, at the cost of the Tenant and at its written request delivered to the Landlord in the manner provided for in this Lease not earlier than 12 months and not later than 9 months prior to the expiration of the First Renewal Term, grant to the Tenant a renewal lease of the Demised Premises for a further term of 5 years (the "Second Renewal Term") from the expiration of the First Renewal Term, upon all of the covenants, agreements, conditions, and provisos contained in this Lease except the covenants for the option to renew for the First Renewal Term and the Second Renewal Term and any provisions for Landlord's Work, , free rent, leasehold improvement allowances or inducements, and except the Annual Basic Rent to be paid during the Second Renewal Term.

B.5 The annual basic rent for the Second Renewal Term shall be the then-fair market rent for the Demised Premises, being the rent which would be paid for the Demised Premises in their then-current condition (including all leasehold improvements thereto) or in whatever condition the Landlord is entitled to require the Tenant to leave the Demised Premises at the expiration of the Term, whichever condition would result in higher rent, as between persons dealing in good faith and at arm's length and without regard to any restrictive covenants as to use; PROVIDED that the Annual Basic Rent payable during the Second Renewal Term shall not be less than the annual basic rent payable during the last year of the First Renewal Term.

B.6 The renewal lease of the Second Renewal Term is deemed to incorporate all of the terms and provisions of the Lease as modified by this Schedule, and the parties ratify and confirm all of the terms and conditions of the Lease as so amended. The parties shall not be obliged to enter into a separate renewal lease to give effect to this Schedule but the Tenant will, at the Tenant's cost, execute a separate renewal lease if required by the Landlord to do so.

THIRD RENEWAL

B.7 If and only if the option with respect to the Second Renewal Term has been duly and validly exercised by the Tenant and if the Tenant duly and punctually observes and performs the covenants, agreements, conditions, and provisos in this Lease on the part of the Tenant to be observed and performed during the Second Renewal Term, the Landlord shall at the expiration of the Second Renewal Term, at the cost of the Tenant and at its written request delivered to the Landlord in the manner provided for in this Lease not earlier than 12 months and not later than 9 months prior to the expiration of the Second Renewal Term, grant to the Tenant a renewal lease of the Demised Premises for a further term of 5 years (the "Third Renewal Term") from the expiration of the Second Renewal Term, upon all of the covenants, agreements, conditions, and provisos

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contained in this Lease except the covenants for the option to renew for the First Renewal Term, the Second Renewal term and the Third Renewal Term and any provisions for Landlord's Work, , free rent, leasehold improvement allowances or inducements, and except the Annual Basic Rent to be paid during the Third Renewal Term.

B.8 The annual basic rent for the Third Renewal Term shall be the then-fair market rent for the Demised Premises, being the rent which would be paid for the Demised Premises in their then-current condition (including all leasehold improvements thereto) or in whatever condition the Landlord is entitled to require the Tenant to leave the Demised Premises at the expiration of the Term, whichever condition would result in higher rent, as between persons dealing in good faith and at arm's length and without regard to any restrictive covenants as to use; PROVIDED that the Annual Basic Rent payable during the Third Renewal Term shall not be less than the annual basic rent payable during the last year of the Second Renewal Term.

B.9 The renewal lease of the Third Renewal Term is deemed to incorporate all of the terms and provisions of the Lease as modified by this Schedule, and the parties ratify and confirm all of the terms and conditions of the Lease as so amended. The parties shall not be obliged to enter into a separate renewal lease to give effect to this Schedule but the Tenant will, at the Tenant's cost, execute a separate renewal lease if required by the Landlord to do so.

GENERAL PROVISIONS FOR RENEWAL

B.10 If under the provisions for the renewal of this Lease for the First renewal term, the Second renewal Term or the Third Renewal Term, as the case may be, the Landlord and the Tenant have failed to agree as to the Annual Basic Rent payable for the Premises with respect to the renewal term by the date specified for the applicable renewal, the determination of such Annual Basic Rent will be referred to a Board of three arbitrators, one to be appointed by each of the Landlord and the Tenant and a third appraiser to be appointed in writing by the first two-named appraisers; Unless otherwise mutually agreed by the Landlord and the Tenant (or otherwise as determined by order of the Supreme Court of British Columbia), each such appraiser shall be a commercial real estate appraiser located within the Metro Vancouver area of British Columbia and having an Accredited Appraiser Canadian Institute (AACI) designation in good standing with the Appraisal Institute of Canada and not less than 5 years' experience as a commercial real estate appraiser within the Metro Vancouver area of British Columbia. If the Landlord or the Tenant refuse or neglect to appoint an appraiser within 10 days after the other has served written notice upon the party so refusing or neglecting to make such appointment, the appraiser first appointed will, at the request of the party appointing him or her, proceed to determine such rent as if he or she were a single appraiser appointed by both the Landlord and the Tenant for the purpose. If two appraisers are so appointed within the time prescribed and they do not agree within a period of 10 days from the date of appointment of the second appraiser upon the appointment of the third appraiser, the third appraiser will be appointed by a judge of the Supreme Court of British Columbia. The determination by the appraisers or the majority of them, or by the single appraiser, as the case may be, will be final and binding upon the Landlord and the Tenant and their respective successors and assigns. Each party will pay the fees and expenses of the appraiser appointed by it and one-half of the fees and expenses of the third appraiser.

B.11 The Landlord and the Tenant acknowledge and agree that under this Lease and this Schedule "B" the Tenant is given the option of renewing the Term only for up to three successive renewal terms of 5 years each and no more (unless otherwise expressly agreed upon by mutual agreement of the Tenant and Landlord), and that if any such option is not exercised in accordance with the applicable terms or if any such option otherwise lapses, any other remaining options to renew shall expire and shall be void and of no further force or effect, and that at the expiration of the First Renewal Term there shall only be remaining the options to renew for the Second Renewal Term and if that option is exercised then for the Third Renewal Term, and that if the option to renew for the Second Renewal Term is exercised then at the expiration of the Second Renewal Term, there shall only be the option to renew for the Third Renewal Term, and that at the expiration of the Third Renewal Term, there shall be no further right of renewal.

B.12 The exercise of the rights of renewal is solely within the control of the Tenant, and nothing contained in this Lease obligates or requires the Landlord to remind the Tenant to exercise the right of renewal. The Landlord's acceptance of any future rent for any renewal term shall in no way be deemed a waiver of the Tenant's requirement to give notice within the time limit set out for otherwise for renewing the Term or any other renewal term as provided in this Schedule B.

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SCHEDULE "C"

LANDLORD'S REGULATIONS

1. OUTSIDE STORAGE. The Tenant's property, other than equipment and vehicles, is not permitted to be stored outside of the Demised Premises.
4. USE OF PROPERTY. No part of the Property shall be used for lodging, sleeping or any illegal purposes.
5. FOOD. No commercial cooking shall be done on the Demised Premises. Lunchroom with standard kitchen appliances is permitted.
6. OBSTRUCTIONS. Tenants shall not obstruct any light source, heating ventilation or air conditioning unit, plumbing fixture or other service or utility upon the Demised Premises.
7. DELIVERIES AND MOVING. The Tenant shall ensure that carriers making deliveries use only the designated areas for parking vehicles, and appropriate means of internal transportation and provide property protection for the building and its installations.

SCHEDULE "D"

LANDLORD'S WORK

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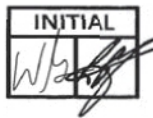
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SCHEDULE "E"

TENANT'S WORK

The Tenant's Work consists of the installation of a demising wall approximately as indicated in yellow highlight on the plan attached hereto, and grading of the area approximately as indicated as "Grade area to match dock height" on the plan attached hereto to a level suitable for the Tenant's intended use of the Premises.

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