

LAND LEASE

THIS LEASE dated for reference the 10th day of July, 2019 is made

BETWEEN

SHXWHA:Y VILLAGE FIRST NATION, a "Band" as defined in the Indian Act, having an office address at 44680 Schweyey Road Chilliwack, BC V2R 5M5

(hereinafter called the "Lessor")

AND

SHXWHA:Y VILLAGE DEVELOPMENT LIMITED PARTNERSHIP, a limited partnership formed under the law of the Province of B.C. and having its registered office address at #201 45793 Luckakuck Way, Chilliwack, B.C. V2R 5S3

(hereinafter called the "Lessee")

RECITALS

- A. The Lands leased under this Lease are part of Skway Indian Reserve No. 5.
- B. The Lessor is authorized to grant this Lease pursuant to the Shxwha:y Village Land Code (the "**Land Code**") which sets out the principles, rules and administrative structures pursuant to which the First Nation will exercise authority and jurisdiction over the Shxwha:y Land and the Lessor has satisfied all legal requirements under the Land Code in order to grant the leasehold interest contemplated herein.

In consideration of the rents, covenants and agreements reserved and contained in this Lease, the Parties covenant and agree as follows:

1. **DEFINITIONS**

- (a) "**Applicable Laws**" means, in respect of the Lands, the Land Code and any other applicable law, statute, by-law, ordinance, regulation or lawful requirement of the federal, provincial or municipal government or authority, the First Nation or First Nation Council or any public utility lawfully acting under statutory power.
- (b) "**Approved Mortgagees**" means all mortgagees of the leasehold interest herein granted or granted by a Sublessee and whose mortgages have been registered in the Registry and includes CMHC and "**Approved Mortgagee**" means any one thereof.
- (c) "**Artifact**" means any burial site, human remains, or any First Nation artifact or burial remain of archaeological or cultural interest.

- (d) **"Bank of Canada Review"** means the publication so titled that is published by the Bank of Canada on a monthly basis or any similar publication that is published by the Bank of Canada on at least a monthly basis as a replacement for the Bank of Canada Review and in which the per annum interest rate that is charged by Canadian chartered banks to their most creditworthy commercial borrowers from time to time are published.
- (e) **"CMHC"** means Canada Mortgage and Housing Corporation and its successor.
- (f) **"Environment"** means the air, land, water and all other external conditions or influences under which humans, animals and plants live or are developed.
- (g) **"First Nation"** means the Shxw̓ha:y First Nation or any successor to the First Nation pursuant to a federal statute.
- (h) **"First Nation Council"** means the governing body of the First Nation, elected in accordance with Applicable Laws.
- (i) **"Hazardous Substances"** means:
 - (i) explosives;
 - (ii) inflammable oils and materials; and
 - (iii) any substance which when discharged into the Environment is or is likely to injure, damage, or endanger land, water, property, animal or plant life or human health or safety.
- (j) **"Improvements"** means all buildings, structures, works, facilities, services, landscaping and other improvements by whomsoever made and which are at any time and from time to time situate on, under or above the Lands, including all equipment, machinery, apparatus and fixtures (other than trade fixtures) forming part of or attached to the improvements and all alterations, removal, additions to, replacements and substitutions of the "Improvements".
- (k) **"Lands"** means:
 - (i) Lot 15 RSBC 969 Skway Indian Reserve No. 5
 - (ii) Lot 15-1 RSBC 2440 Skway Indian Reserve No. 5
 - (iii) Lot 16 RSBC 969 Skway Indian Reserve No. 5
 - (iv) Lot 18 RSBC 969 Skway Indian Reserve No. 5
 - (v) Lot 21 RSBC 1740 Skway Indian Reserve No. 5
- (l) **"Lease"** means this Indenture of Lease.
- (m) **"Lessor"** means Shxw̓ha:y First Nation, its successors and assigns.

- (n) **"Minerals"** means ore of metal and every natural substance that can be mined and that:
 - (i) occurs in fragments or particles lying on or above or adjacent to the bedrock source from which it is derived, and commonly described as talus; or
 - (ii) is in the place or position in which it was originally formed or deposited, as distinguished from loose, fragmentary or broken rock or float which by decomposition or erosion of rock, is found in wash, loose earth, gravel or sand, and includes coal, petroleum and all other hydrocarbons; regardless of gravity and howsoever and wheresoever recovered, natural gas, building and construction stone, limestone, dolomite, marble, shale, clay, sand and gravel.
- (o) **"Nutrient"** means any substance or combination of substances defined as a nutrient under the Canadian Environmental Protection Act as amended or replaced from time to time.
- (p) **"Owner Association"** means a society or corporation incorporated by or on behalf of the Lessee pursuant to the laws of British Columbia, of which all of the members, or shareholders, as the case may be, may be comprised of the Lessee, nominees of the Lessee and all Sublessees and which is at all times controlled by the Lessee or the Sublessees.
- (q) **"Party"** means a party to this Lease and **"Parties"** means all of them.
- (r) **"Person"** includes any individual, partnership, association or corporation.
- (s) **"Premises"** means and includes the Lands and the Improvements and every reference in this Lease to the "Premises" includes a reference to every part of the Lands or the Premises, as the context may require.
- (t) **"Prime Rate"** means, for any particular calendar month the per annum interest rate that is charged by Canadian chartered banks to their most creditworthy commercial borrowers in effect upon the last Wednesday of the month as the rate is ascertained and published for the month in the Bank of Canada Review, or if more than one such rate is published for the last Wednesday of the month, the average of all such rates or if another day or other days are substituted for the last Wednesday of the month in the Bank of Canada Review, the rate or the average of all rates published for the day or days substituted for the last Wednesday of the month.
- (u) **"Registry"** means the First Nations Land Registry established by Canada and held in Ottawa, Ontario or successor registry for the Shxw̓ha:y Village Land established in accordance with Applicable Laws.
- (v) **"Rent"** means the rent described in Article 5 hereof.

- (w) **"Reserve"** means Skway Indian Reserve No. 5, which has been set apart for the use and benefit of the First Nation.
- (x) **"Subleased Lands"** means that portion of the Lands included in a sublease granted pursuant to this Lease.
- (y) **"Sublessee"** means any sublessee of the Lessee whose sublease is registered in the Registry.
- (z) **"Term"** means the 125 year period commencing on the date this Lease is registered at the Registry.
- (aa) **"Toxic Substance"** means any substance defined as a toxic substance under the *Canadian Environmental Protection Act* as amended or replaced from time to time.
- (bb) **"Shxwha:y Village Land "** has the meaning ascribed to it in the Land Code.

2. **THE DEMISE**

- 2.1 The Lessor hereby leases to the Lessee the Lands, and except as otherwise provided herein, free and clear of all liens, charges and encumbrances, TO HAVE AND TO HOLD the Lands unto the Lessee for the Term, yielding and paying the Rent as hereinafter provided, and subject to the terms, conditions, provisos, exceptions and reservations contained in this Lease.
- 2.2 The Lessee acknowledges that this Lease is subject to Applicable Laws.

3. **MINERALS**

- 3.1 The granting of this Lease does not grant any interest in the Minerals or natural resources under the Lands.

4. **USE OF LANDS**

- 4.1 The Lands may be used for any lawful purpose in accordance with Applicable Laws. Be it always provided, and notwithstanding anything to the contrary herein or otherwise, the Lessee's use of the Lands shall include commercial, industrial, residential, office and/or institutional uses. The Lessor represents that the Lands currently do not have any specific zoning designation or use restrictions. The Lessor acknowledges being advised by the Lessee that its current intended uses of the Lands are for construction of not less than 900 residential dwelling units and of not less than 260,000 square feet of a combination of commercial/industrial/institutional/office space. The Lessor acknowledges that Rent payable hereunder is reflective of such intended uses and it accordingly agrees that, notwithstanding the Lessee's obligation to comply at all times with all Applicable Laws, the Lessor shall not cause the Lands to be zoned or re-zoned in such a manner that would prohibit or restrict the Lessee's intended uses of the Lands as above-described.

4.2 Except as otherwise set out herein, the Lands are being leased on an "as is-where is" basis. The Lessee:

- (a) confirms that it has conducted such further inspections of the Lands that it deems prudent, including any inspections relating to:
 - (i) the condition of the Lands, including its soil;
 - (ii) the compliance of the Lands with any Applicable Laws; and
 - (iii) the presence of any Hazardous Substances or Toxic Substance on the Lands,
- (b) has satisfied itself that the Lands are suitable for its intended uses.

4.3 The Lessee will immediately notify the Lessor and the First Nation Council of any Artifact unearthed or discovered on the Premises and will continue to use the Premises so as to avoid any further damage to the Artifact and ensuring its preservation to the greatest extent practicable.

5. RENT

5.1 The Lessee has paid consideration of \$36,220,000.00 as rent for or in respect of the Lands for the entire Term, the receipt of which is hereby acknowledged.

5.2 The Lessor acknowledges the Rent has been paid in accordance with Section 5.1 and no other rent of any kind will be payable by the Lessee for the Lands during the Term.

5.3 The Lessee shall be required to pay any applicable GST on all payments of Rent.

6. ASSIGNMENT

6.1 The Lessee may assign this Lease or any portion thereof without the consent of the Lessor.

6.2 The Lessee will obtain from any proposed assignee a written agreement whereby the assignee covenants and agrees that it will observe and perform all of the covenants and agreements to be observed or performed by the Lessee under this Lease.

6.3 The assignment of this Lease by the Lessee will not relieve and discharge the Lessee from its obligations or liabilities under this Lease except to the extent such obligations are assumed in writing by the assignee.

6.4 In order to be valid, an assignment must be registered at the Registry and it must include the following provisions:

- (a) the assignee is bound by all terms of this Lease; and
- (b) in the event of conflict between the terms of this Lease and the assignment, the terms of this Lease will govern.

6.5 Provided that the Lessee at all times complies with all Applicable Laws in connection with any such subdivision the Lessee may subdivide the Lands or assign leasehold interests in portions of the Lands without the consent of the Lessor (in its capacity as lessor). The Lessor will, without payment of further rent or other consideration, promptly and without delay, sign such modifications of lease or replacement headleases as are required to facilitate the Lessee effecting any subdivision or making an assignment provided that the Lessee will reimburse the Lessor for any reasonable expenses, including legal fees, incurred by the Lessor in order for it to comply with its obligations hereunder.

7. SUBLETTING

7.1 The Lessee may sublet any part of the Premises without the consent of the Lessor.

7.2 Any sublease of the Premises will include the following provisions:

- (a) a sublease may be for any period up to one day before the expiration of the Term of this Lease, and not beyond;
- (b) a sublease will be expressly subject and subordinate to this Lease and to the rights of the Lessor hereunder; and
- (c) a sublease will oblige the Sublessee not to do anything in contravention of this Lease.

7.3 It is hereby provided the Sublessees may peaceably and quietly possess, hold and enjoy the Subleased Lands during the term of the Lease and their sublease without interruption or disturbance by the Lessor, or anyone claiming under it, despite any default by the Lessee of its obligations hereunder.

8. NO RIGHT TO TERMINATE BY LESSOR

8.1 All Rent for the Term has been paid. The Lessor acknowledges and agrees that this Lease cannot be terminated or cancelled prior to the end of the Term for any reason whatsoever without the written consent of the Lessee, Approved Mortgagee and all Sublessees, which consent may be arbitrarily withheld.

8.2 The Lessor hereby covenants and agrees with the intention that the rights of the Approved Mortgagee and Sublessee's shall be fully enforceable notwithstanding that they are not privy to the terms of the Lease and the Lessor shall not do anything or make any argument to prevent or obstruct whether directly or indirectly any Approved Mortgagee or Sublessee in taking the benefit of and enforcing the provisions of the Lease expressed to be for their benefit based upon the fact that such Approved Mortgagee or Sublessee is not privy to the terms of the Lease.

9. MORTGAGE

9.1 The Lessee may mortgage the whole or any part of its interest in this Lease by any means without the consent of the Lessor. The Lessor confirms that any Approved Mortgagee may enforce its security to the fullest extent and acquire the leasehold estate

in any lawful way and, by its representative or a receiver, as the case may be, take possession of and manage the Lands and sell or assign or sublet the Premises without notice to the Lessor and without the necessity of obtaining any consent from the Lessor or the Lessee. If the Approved Mortgagee takes possession (including the appointment of a receiver or receiver manager) of the Lands or any portion thereof, or acquires the Lessee's equity of redemption then the Approved Mortgagee will perform and observe all the Lessee's covenants and agreements under the Lease and recognize the rights of Sublessees and the Owner Association, if any, to enjoy the use of any common facilities, until either the Approved Mortgagee ceases to be a mortgagee in possession, the receiver or receiver manager ceases to be in possession of the Lease or the Lease is assigned in accordance with the terms of this Lease. Notwithstanding anything to the contrary herein, the Approved Mortgagee shall be relieved of all obligations or liabilities under the Lease upon such assignment.

- 9.2 The Lessor shall consent to such reasonable modifications of this Lease as may be necessary to satisfy the CMHC's leasehold lending requirements from time to time, provided such modifications do not extend the Term and provided that the Lessee will reimburse the Lessor for any reasonable expenses, including legal fees, incurred by the Lessor in order for it to comply with its obligations hereunder.

10. REGISTRATION

- 10.1 The Lessee will provide the Registry with the appropriate number of copies of every document to be registered with respect to a disposition of the leasehold estate referred to in Articles 6 or 9. Documents must be in a form acceptable for registration in the Registry.
- 10.2 Neither the granting of this Lease nor anything contained in it will be construed as an agreement or assurance that this Lease or any assignment, mortgage or other disposition of the leasehold estate can or may be registered in a provincial land title or registry office.

11. UTILITIES

- 11.1 The Lessee is responsible for providing at its expense all services and facilities required by it for use of the Premises.

12. TAXES

- 12.1 The Lessee will pay on or before the due date in each and every year during the Term all applicable taxes, trade licences, rates, levies, duties and assessments of any kind lawfully imposed by any competent authority, whether in respect of the Premises, fixtures, machinery, equipment or business relating to the Premises or in respect of occupation of the Premises by anyone.
- 12.2 Without in any way relieving or modifying the obligation of the Lessee to comply with Section 12.1, the Lessee may at its expense, contest or appeal the validity or amount of any tax, trade licence, rate, levy, duty or assessment PROVIDED that the Lessee first pays the disputed amount and commences any proceedings to contest or appeal the validity or amount forthwith and continues with the proceedings with reasonable diligence.

13. COMPLIANCE WITH LAWS

- 13.1 The Lessee, acting reasonably and at its expense, will observe and perform all of its obligations and all matters and things necessary or expedient to be observed or performed by it in connection with the Premises in accordance with Applicable Laws.
- 13.2 Without limiting the generality of Section 13.1 the Lessee agrees to subdivide and develop the Lands in the manner contemplated under the Lessor's Subdivision, Development and Servicing Law 2015 as same may be amended from time to time and acknowledges the Lessor's authority to regulate such matters on Shxwha:y Village Land. Notwithstanding the foregoing, nothing in this Section 13.2 shall be interpreted to limit or restrict the Lessee's intended uses of the Lands described in Section 4.1.
- 13.3 Without in any way relieving or modifying the obligation of the Lessee to comply with Section 13.1, the Lessee may at its expense, contest or appeal the enforceability or validity of any of the Applicable Laws, PROVIDED that the Lessee commences any proceedings to contest or appeal the enforceability or validity thereof or any cost associated therewith forthwith and continues with the proceedings with reasonable diligence.

14. NUISANCE

- 14.1 The Lessee will not cause, permit or suffer any nuisance at the Premises.
- 14.2 The normal carrying on at any time by the Lessee of a lawful use as contemplated in Section 4.1 to the standards required of it under any provision of this Lease will not be considered a nuisance for the purposes of this Article 14.

15. WASTE

- 15.1 The Lessee will not cause, permit or suffer the commission of any waste on the Lands.
- 15.2 The Lessee will not cause, permit or suffer the removal of any sand, gravel, topsoil, or other material constituting part of the Lands except as required by construction and installations permitted by this Lease and otherwise except in compliance with Applicable Laws, in which case, removal will not constitute waste.

16. RUBBISH

- 16.1 Without limiting Article 14, the Lessee will not cause, permit or suffer any rubbish or debris to be placed or left at the Premises except as is reasonably necessary in accordance with the uses permitted by Article 4, by construction or installations permitted by this Lease or as permitted in writing by the Lessor, acting reasonably.

17. ENVIRONMENTAL STANDARDS

- 17.1 Without limiting the generality of Article 13, the Lessee will at all times conduct all business or activities on the Premises in compliance with all applicable environmental laws, statutes, by-laws, ordinances, regulations, notices, orders or lawful requirements of

the federal, provincial, municipal government or authority, the First Nation Council or other lawful authority.

18. NO CONTAMINANTS

18.1 Without limiting the generality of Article 13, no Toxic Substances or Nutrients will be used, emitted, discharged or stored on the Premises or any adjacent land by the Lessee, its officers, directors, invitees, agents, employees or Sublessee except in strict compliance with all applicable environmental laws, statutes, by-laws, ordinances, regulations, notices, orders or lawful requirements of the federal, provincial, municipal government or authority, the First Nation Council or other lawful authority; and the Lessee will immediately give written notice to the Lessor of the occurrence of any event in or on the Premises constituting an offence thereunder or being in breach thereof and, if the Lessee will, alone or with others, cause or permit the happening of such event, the Lessee will, at its own expense:

- (a) promptly remove the Toxic Substances or Nutrients from the Premises in a manner which conforms with all such applicable environmental laws, permits, by-laws, ordinances, regulations, notices and orders governing the removal, movement and disposal of, Toxic Substances or Nutrients; and
- (b) provide all bonds or securities reasonably required by the Lessor or government authority having jurisdiction; and
- (c) if requested, obtain at the Lessee's expense, from an independent consultant designated or approved by the Lessor, acting reasonably, verification of the complete and proper removal of the Toxic Substances or Nutrients from the Premises or, if such is not the case, reporting as to the extent of any failure of this Article 18; and
- (d) assume full responsibility for all damages to adjacent land and water caused by any such discharge of Toxic Substances or Nutrients which originated on and whose source is the Premises.

19. COSTS ASSOCIATED WITH MITIGATION OF ENVIRONMENTAL IMPACTS

19.1 The Lessee will, at its own expense, remedy any damage to the Lands caused by the performance of the Lessee's obligations under Article 18.

19.2 The Lessee will implement the appropriate technology, design or repair to mitigate anticipated or remediate actual adverse environmental impacts attributable to the Lessee's use of the Premises immediately following discovery or notice thereof by the Lessee. Further, the Lessee will permit the Lessor's representatives to enter onto the Premises at all reasonable times and on reasonable prior written notice, to inspect and monitor the Lessee's activities in the course of mitigation and to ensure that the Lessee has taken reasonable steps to mitigate any reasonably anticipated or actual adverse impacts attributable to the Lessee on the Environment to the satisfaction of the Lessor.

20. POSSESSION OF HAZARDOUS SUBSTANCES, TOXIC SUBSTANCES AND NUTRIENTS

20.1 If the Lessee brings or creates upon the Premises or permits the bringing or creating thereon any Hazardous Substance, Toxic Substance or Nutrient or if the conduct of the Lessee's business will cause there to be any Hazardous Substances, Toxic Substances or Nutrients upon the Lands or the Premises notwithstanding any rule of law to the contrary, such Hazardous Substance, Toxic Substance or Nutrient will be and remain the sole and exclusive property of the Lessee and will not become the property of the Lessor notwithstanding the degree of fixation of the Hazardous Substance, Toxic Substance or Nutrient or the goods containing the Hazardous Substance, Toxic Substance or Nutrient to the Premises and notwithstanding the expiry or earlier termination of this Lease.

21. SURVIVAL OF OBLIGATIONS

21.1 The obligations of the Lessee pursuant to Articles 17, 18, 19 and 20 will survive the expiry of this Lease, save only that, to the extent that the performance of these obligations requires access to or entry upon the Premises or any part thereof after the expiration of this Lease, the Lessee will be afforded reasonable entry and access for purposes at such times and upon such terms and conditions as the First Nation Council may from time to time reasonably specify in writing. If the Lessee, despite being afforded reasonable opportunities to perform such obligations, fails to do so, the Lessor may, at the Lessee's expense, by the Lessor's officers, employees, agents or contractors and subcontractors, undertake the performance of any necessary work in order to complete such obligations of the Lessee, but having commenced such work, the Lessor will have no obligation to the Lessee to complete such work.

22. ALTERATIONS AND ADDITIONS

22.1 The Lessee will not erect Improvements, alter, remove, add to, replace, or make substitutions for the Improvements except in compliance with Applicable Laws.

23. NEW IMPROVEMENTS

23.1 The Lessee will not construct any new buildings, structures or other Improvements on, under or above the Lands except in compliance with Applicable Laws.

24. REPAIR OF PREMISES

24.1 The Lessee will be solely responsible, in compliance with Applicable Laws, for the erection of any Improvements on the Lands and for the condition, operation, repair, replacement, maintenance and management of the Premises, subject to reasonable wear and tear.

25. SIGNS

25.1 The Lessee will have the right, to erect or exhibit signage, in accordance with Applicable Laws, in and about any portion of the Premises in conjunction with any lawful purpose described or contemplated in Article 4.

26. LIABILITY INSURANCE

- 26.1 The Lessee will forthwith effect and maintain at its expense and in a form reasonably acceptable to the Lessor, comprehensive general liability insurance with the Lessor named as an additional insured.
- 26.2 The liability insurance will provide protection in an amount of not less than \$5,000,000.00 for any one occurrence or to such other reasonable amount as the Lessor may notify the Lessee in writing from time to time.

27. PROPERTY INSURANCE

- 27.1 The Lessee, acting reasonably, will effect and maintain at its expense throughout the Term "all risks" property insurance in a form reasonably acceptable to the Lessor insuring the Improvements against loss or damage by fire and other perils from time to time included in such policies offering similar properties in British Columbia as would be insured against by a prudent owner.
- 27.2 Where the Lessee subleases a portion of the Lands to a Sublessee then the Lessee shall cause the Sublessee or the Owner Association to take out and maintain, for the term of the Sublease:
- (a) liability insurance similar to that described in Section 26.1, with the Lessee and the Lessor named as an additional insureds;
 - (b) property insurance with respect to any Improvements that are constructed on the Lands that are the subject of the Sublease, similar to that described in Section 27.1

28. INSURANCE PROVISIONS

- 28.1 Every insurance policy required under this Lease will, to the extent that it is obtainable, contain an agreement by the insurer that it will not cancel or substantially alter the policy without first giving the insureds at least 15 days prior written notice.
- 28.2 Notwithstanding the foregoing all insurance obligations of the Lessee shall be waived during such time as title to the Lands is held by CMHC in the event that it has granted or insured a mortgage and subsequently acquired title to the Lands by reason of the default of the Lessee.

29. INSURANCE VALIDATION

- 29.1 The Lessee will not do, permit or suffer anything to be done at or on the Premises which might cause any policy of insurance required by this Lease to be invalidated or cancelled, and the Lessee will comply forthwith with every lawful notice in writing from the First Nation Council or any insurer requiring the execution of works or discontinuance of any use of the Premises in order to avoid invalidation or cancellation of any insurance.
- 29.2 The Lessee will, upon request, deliver certificates of the insurance evidencing every policy of insurance that is required by this Lease immediately after the insurance is

effected and will, upon written request, deliver a certificate of renewal that the insurance has been renewed or replaced at least ten (10) days before the expiry of any policy of insurance in force.

- 29.3 The Lessee will, upon written request, deliver a copy of every insurance policy taken out by the Lessee with respect to the Premises.

30. REINSTATEMENT OF DAMAGED PREMISES

- 30.1 Where the Lessee determines to restore or repair damage to the Premises, such restoration or repair will be carried out in good and workmanlike manner and with reasonable diligence and in compliance with Applicable Laws.

- 30.2 The Lessee, prior to commencing any work of restoring, rebuilding or replacing the Improvements, in whole or in part, will remove or screen unsightly rubble and debris resulting from damage or destruction and will keep the Lands in safe and secure condition. If the Lessee fails to perform such obligations in any material respect, the Lessor may, at the Lessee's expense, by the Lessor's officers, employees, agents or contractors and subcontractors, undertake the performance of any necessary work in order to complete such obligations of the Lessee, but having commenced such work, the Lessor will have no obligation to the Lessee to complete such work.

31. BUILDINGS, FIXTURES AND CHATTELS

- 31.1 Ownership of any Improvements made upon or to the Lands by or for the Lessee will vest in the Lessee or any Sublessee, as the case may be, for and during the Term, notwithstanding any rule or law to the contrary. Notwithstanding the foregoing, the Lessor will be entitled, on written notice to the Lessee delivered prior to the commencement of the last year of the Term, to require the Lessee to remove some or all its Improvements from the Lands upon expiry of the Term and leave the Lands in a clean and safe condition.

- 31.2 The Lessee will pay all costs and expenses incurred in the removal and disposal of the Improvements and in making good all damage caused to the Lands by the removal thereof forthwith upon demand. The Lessor will not be responsible to the Lessee or any Sublessee for any loss suffered by the Lessee or any Sublessee as a result of the removal or the disposal of any Improvements, moveable goods, chattels or tenant's fixtures and Improvements which the Lessee fails to remove in accordance herewith.

32. INDEMNITY

- 32.1 The Lessee will indemnify and save harmless the Lessor, its Chief, councillors, officers, employees, agents or contractors, against and from all liability, loss, costs, claims, demands, expenses, actions, damages, suits and other proceedings arising out of or related to any breach of a Lessee's covenant or for personal injury, death or property damage or loss arising out of or related to any act or omission of the Lessee, its officers, employees or agents or any person for whom the Lessee is responsible.

33. QUIET ENJOYMENT

33.1 The Lessee, by paying the Rent, may peaceably and quietly possess, hold and enjoy the Lands during the Term without any interruption or disturbance by the Lessor or anyone claiming by or through it.

34. DEFAULT

34.1 Subject always to Section 8.1, if the Lessee is in default hereunder then the Lessor may give the Lessee notice of such default.

34.2 If the Lessor gives the Lessee notice of default under Section 34.1 and either:

- (a) the default is reasonably capable of being cured within sixty (60) days after the notice is given and the Lessee fails to cure the default within the sixty (60) days; or
- (b) the default is not reasonably capable of being cured within sixty (60) days after the notice is given and the Lessee fails to commence to cure the default with reasonable diligence upon receipt of the notice and to proceed to cure it with reasonable diligence to completion;

then, subject to the provisions of this Article 34 and to the rights of the parties under Article 48, the Lessor may take such action as provided in Section 34.6.

34.3 No notice to the Lessee hereunder will be valid for any purpose unless and until a copy of such notice is also given to each Approved Mortgagee and the Owner Association. The copy of such notice may be given to the Approved Mortgagee and the Owner Association at the address specified by them and otherwise on the same terms and conditions as applicable to notices referred to in Article 49.

34.4 Any curing of a default by an Approved Mortgagee, Owner Association or any Sublessee will be construed as curing of that default by the Lessee.

34.5 If any disagreement arises as to the occurrence or subsistence of a default hereunder or whether the curing of any such default is promptly commenced, has been substantially completed or is proceeding with reasonable diligence, and without limiting any other remedies or relief that might be available to the Lessee, an Approved Mortgagee or a Sublessee in accordance herewith or at law, the question may be dealt with in accordance with Article 48 of this Lease.

34.6 The Lessor acknowledges that in consideration of the Rent, the Lessor will only be able to seek recourse in respect of alleged default by the Lessee hereunder by way of a claim in law against the Lessee for debt or damages, as the case may be, which claim may be dealt with in accordance with Article 48 or by way of an order of a court of competent jurisdiction restraining continuing breach, and has no right to cancel or terminate this Lease.

35. PERFORMANCE OF COVENANTS

- 35.1 All agreements, terms, conditions, provisos, duties and obligations to be performed or observed by the Lessee under this Lease will be deemed to be Lessee's covenants and all the Lessee's covenants in this Lease are made with the Lessor for the Lessee and for its successors and assigns. Without limiting any other remedy of the Lessor under this Lease, the Lessor may request the Lessee in writing to perform the covenant, and if the Lessee does not perform it within thirty (30) days of such order the Lessor may but will not be obligated to do whatever is reasonably necessary to perform it. The Lessee will pay to the Lessor any cost or expense reasonably incurred by the Lessor in performing the covenant forthwith upon demand by the Lessor.
- 35.2 The Lessee will provide the Lessor, its officers, employees, agents, contractors and subcontractors, with and without vehicles and equipment, convenient access to the Premises at all reasonable times on reasonable prior written notice, except in the case of an emergency, for the purposes of viewing the Premises and otherwise determining that the Lessee's covenants are being duly observed and performed. The Lessee may require that a representative of the Lessee be present.
- 35.3 The Lessee will also provide the Lessor, its officers, employees, agents, contractors and subcontractors with and without vehicles and equipment all reasonable and necessary access to the Premises for the purpose of performing the Lessee's covenants pursuant to Section 35.1.

36. PAYMENTS PAID BY LESSOR

- 36.1 If at any time before or after the expiration of the Lease the Lessor suffers or incurs any damage, loss or expense by reason of any failure of the Lessee to perform or observe any of the Lessee's covenants or makes any payment for which the Lessee is liable under this Lease, or if the Lessor is compelled or, acting reasonably, elects to incur any expense including legal fees in instituting, prosecuting or defending any action or proceeding instituted by reason of any default of the Lessee under this Lease (including any action or proceeding against the Lessee) and succeeds in establishing such default, then in every such case the amount of damage, loss, expense or payment (including reasonable legal fees), together with interest as provided in Section 37.1, will be paid by the Lessee to the Lessor forthwith on demand.

37. ARREARS TO BEAR INTEREST

- 37.1 If any sum owing by the Lessee to the Lessor under this Lease is not paid within thirty (30) days from the date on which it is due then it will bear interest at the Prime Rate in effect from time to time plus 5% per annum from the date the sum is due until the date of the payment by the Lessee, but this stipulation for interest will not prejudice or affect any other remedies of the Lessor under this Lease or otherwise, or be construed to relieve the Lessee from any default.

38. REMEDIES CUMULATIVE

- 38.1 All rights and remedies of the Lessor are cumulative and are in addition to and do not exclude any other right or remedy provided in this Lease.

38.2 All rights and remedies of the Lessor may be exercised concurrently.

39. SURRENDER OF POSSESSION

39.1 Subject to Article 31, when the Term expires or otherwise ends, the Lessee will peaceably surrender the Lands and the Improvements, as applicable, as provided in this Lease.

40. HOLDING OVER

40.1 If the Lessee continues in possession of the Premises after the expiry of the full Term, notwithstanding any payment of Rent, the Lessee will be considered a tenant from month to month.

40.2 The month to month tenancy referred to in Section 40.1 will be subject to all the terms and conditions of this Lease except as they are inapplicable to the tenancy from month to month and rent shall be at fair market value.

41. NET LEASE

41.1 This Lease is to be a completely carefree net lease and notwithstanding anything in this Lease to the contrary the Lessor is not to be responsible during the Term for any costs, charges, expenses or outlays of any nature in respect of the Premises.

42. WARRANTIES

42.1 The Lessor warrants that there is satisfactory access to the Premises by public or private road or right of way and the Lessee's obligations hereunder are subject to such access remaining available during the Term.

42.2 The Lessor acknowledges that the Lessee is leasing the Lands to the Lessee on the basis that they are capable for development pursuant to the Lessee's intended use and to the best of the Lessor's knowledge there are no environmental, heritage or cultural prohibitions to such development.

43. CERTIFICATE OF STATUS

43.1 The Lessor will from time to time, upon not less than 15 days prior request by the Lessee or an Approved Mortgagee, execute and deliver a statement in writing certifying:

- (a) that this Lease is unmodified and in full force and effect or if modified, identifying such modifications and confirming that the Lease is in full force and effect as modified;
- (b) that the Lessee is not in default of any provision of this Lease, or if in default, the particulars thereof; and

any other matters related to this Lease as may be reasonably requested.

44. OTHER ENCUMBRANCES

- 44.1 The Lessor authorizes the granting of or will execute and deliver any easement, right of way or similar charge over the Lands as may be reasonably required by any public utility or approving authority to enable the Lessee to develop or redevelop the Lands for any lawful purpose provided that the Lessee will reimburse the Lessor for any reasonable expenses, including legal fees, incurred by the Lessor in order for it to comply with its obligation hereunder.
- 44.2 The Lessor may, with the prior written consent of the Lessee, such consent not to be unreasonably withheld, during the Term and in connection with the installation and maintenance of water, sewage, heating, electricity, gas, telecommunication, cable, security or other utility or service systems which may be required by the Lessor to service lands adjacent to or proximate to the Lands, grant licenses, easements or rights of way in the lands or any part thereof to any public utility or other entity providing the utility or service on terms and in a form acceptable to the Lessee. At the request of the Lessor, the Lessee will promptly execute and deliver to the Lessor any instrument that may be necessary to subordinate the Lessee's right and interest in the Premises to the charge referred to in this section.

45. HEADINGS

- 45.1 All headings in this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit, enlarge, modify or explain the scope or meaning of the Lease or any of its provisions.
- 45.2 Any reference in this Lease to an Article or Section will mean an Article or Section of this Lease unless otherwise expressly provided.
- 45.3 Any reference in this Lease to Lessee's covenants will be deemed to include all terms and conditions to be performed or observed by the Lessee under this Lease.

46. AMENDMENTS

- 46.1 This Lease constitutes the entire agreement between the Parties with respect to the subject matter of this Lease and no modification, or waiver of any provision of the Lease will be inferred from anything done or omitted by either of the Parties except by an express waiver in writing duly executed by the respective Party.
- 46.2 No condoning, excusing or overlooking by the Lessor of any default by the Lessee at any time or times in performing or observing any of the Lessee's covenants will operate as a waiver of or otherwise affect the rights of the Lessor in respect of any continuing or subsequent default and no waiver of these rights will be inferred from anything done or omitted by the Lessor except by an express waiver in writing.

47. ARBITRATION

- 47.1 Should there be a disagreement or dispute between the Parties with respect to any matter under this Agreement or the interpretation thereof, the same may be referred jointly by the Parties to a single arbitrator pursuant to the *Arbitration Act* of British Columbia and any amendments thereto and the determination of such arbitrator will be final and binding upon the Parties.
- 47.2 The party requiring arbitration or any other dispute resolution process shall give timely notice of all arbitration proceedings to the Owner Association and the Approved Mortgagee and the Approved Mortgagee may participate fully in the proceedings, if in the Approved Mortgagee's reasonable opinion the outcome may affect its security, as may the Owner Association.

48. NOTICE

- 48.1 All notices under this Lease must be given in writing and delivered in accordance with this Article 49.
- 48.2 All notices will be delivered to the other Party and no notice will be effective until such delivery has been made.

The addresses for delivery are:

To the Lessor:

Shxwha:y Village
As represented by its duly elected Council
44680 Schweyey Road
Chilliwack, BC V2R 5M5

To the Lessee:

Shxwha:y Village Development Limited Partnership
7350 Barrow Road, Chilliwack, B.C. V2P 4J5

- 48.3 Notice will be deemed to have been delivered:
- (a) if delivered by hand, upon receipt;
 - (b) if sent by electronic transmission, the next business day after the day of transmission, excluding from the calculation weekends and holidays; or
 - (c) if sent by registered mail, four (4) days after the mailing thereof.
- 48.4 Either party may change the address shown in this agreement by informing the other Party of the new address, and such change will take effect fifteen (15) days after the notice is received.

49. TIME OF THE ESSENCE

49.1 Time is of the essence in this Lease.

50. SEVERABILITY

50.1 If any part of this Lease is declared or held invalid for any reason, the invalidity of that part will not affect the validity of the remainder which will continue in full force and effect and be construed as if this Lease had been executed without the invalid portion.

51. ENUREMENT, PLURALITY AND GENDER

51.1 This Lease will be for the benefit of and be binding upon the heirs, executors, administrators, successors, assigns and other legal representatives, as the case may be, of each of the Parties. Every reference in this Lease to any Party includes the heirs, executors, administrators, successors, assigns and other legal representatives of the Party.

51.2 Reference to a Party will be read as if all required changes in the singular and plural and all grammatical changes rendered necessary by gender had been made.

51.3 If a Party is comprised of more than one Person then all covenants and agreements of that Party will be deemed joint and several.

52. NOT A JOINT VENTURE

52.1 Nothing in this Lease will be construed as making the Lessor an agent, partner or joint venturer with the Lessee nor as creating any relationship between the Parties other than the relationship of lessor and lessee.

52.2 The Parties acknowledge that this Lease does not constitute an association for the purpose of establishing a partnership or joint venture and does not create an agency relationship between the Lessor and the Lessee.

53. APPLICABLE LAWS

53.1 This Lease is subject to and governed by the Land Code and all other Applicable Laws.

54. OTHER ASSURANCES

54.1 Each of the parties will execute and deliver such further and other documents and assurances as another party hereto may reasonably request to better carry out or document the intentions herein expressed.

55. NO OTHER AGREEMENTS BIND THE LANDS

55.1 The Lessor covenants with the Lessee that it is the sole lawful possessor of the Lands and that this Lease will not violate any agreement with any person who has, or will have, an interest in the Lands or any portion thereof.

56. AUTHORITY TO LEASE

56.1 The Lessor covenants that it has good right, full power and authority to lease the Lands to the Lessee and grant the leasehold estate in the manner and according to the true intent of this Lease.

57. EXPROPRIATION

57.1 If, at any time during the term of the Lease, any public body or paramount authority shall take or expropriate the whole or a portion of the Premises, then the Lessor and the Lessee may exercise fully all rights, remedies and claims for compensation which each may have under applicable legislation. The Lessor and Lessee shall inform each other fully of the claims for compensation made by each of them in the event of any expropriation, shall not claim compensation on any basis inconsistent with this Lease, and shall afford reasonable cooperation with each other in the prosecution of any proper separate claims. The Lessor and Lessee shall co-operate with each other regarding any expropriation of the Lands or any part thereof so that each receives the maximum award to which it is entitled at law.

Shxwha:y Village
By its authorized signatory:


Chief Robert Gladstone

Shxwhay Village Development Limited
by its General Partner:
Schweyey Road Development (GP) Ltd.
Per:


Nicholas Joel Westeringh