

THE VALE INN, WHISTLER, B.C.

SUMMARY OF WHAT THE VALE INN IS, WHAT A LEASEHOLD INTEREST
INCLUDES AND SOME FACTS AND FIGURES ON COMMON AREA COSTS

I. WHAT THE VALE INN IS AND WHAT A LEASEHOLD INTEREST INCLUDES

1. The Vale Inn is a 65 unit residential building zoned as a hotel. Its zoning is spelled out in a land use contract registered against the title to Strata Lot 37, Strata Plan Vr 549.
2. Strata Lot 37, on which the Vale Inn sits, is registered in the Land Title Office in the name of a company called Vale Inn Ltd.
3. Strata Lots 1 to 36 of Strata Plan Vr 549 are referred to as Whistler Vale. Vale Inn Ltd. is a member of the strata corporation known as The Owners, Strata Plan Vr 549 and pays approximately one third of the common area maintenance costs of the strata corporation.
4. The owners of Strata Lots 1 to 36 pay for all of the building maintenance for their strata lots and the Vale Inn Ltd. pays for all of the building maintenance on its building.
5. During 1986 and 1987, the shareholders of Vale Inn Ltd. created 200 year leases of each of the units in Vale Inn and sold them to individual purchasers.
6. In addition to the 200 year leases, each original purchaser had the option of entering into a management contract to have the unit rented out either full time or at times when the purchaser was not using it.
7. As time went on, and the leases were resold to new purchasers, the management contract was not necessarily carried on.
8. As it stands today, at least one of the units is occupied full time by the owners, some units are used as recreation homes by owners and not rented out, and some units are still rented full time. Some owners do their own rentals and some use a management company.
9. In order to give the purchasers of the 200 year leases a say in how the building was being managed, a leaseholders' association called the Vale Inn Association was created when most of the units had been leased to individual purchasers.

10. The Vale Inn Association has followed the model set out in the Condominium Act of B.C. for governing its affairs. It has an elected council of 7 members and holds an annual general meeting once a year.
11. Each leaseholder pays a monthly common area assessment fee based on the square footage of his unit divided by the square footage of all of the units. Included in this is the contribution which must be made by Strata Lot 37 to the common area assessments of Strata Plan Vr 549.
12. When Vale Inn Ltd. created the 200 year leases, it agreed with the original purchasers to transfer the shares of Vale Inn Ltd. to them when a certain percentage of units were sold. This transfer did not happen when it was supposed to.
13. In October of 1992, after much negotiation with the owners of Vale Inn Ltd., by a member of the Vale Inn Association's elected council, the shares of Vale Inn Ltd. were transferred to a company controlled by the leaseholders. A payment of \$15,000.00 was required to obtain this transfer.
14. The company which now owns all of the issued and outstanding shares of Vale Inn Ltd. is 380944 B.C. Ltd. The shares of 380944 B.C. Ltd. are owned by the council members of the Vale Inn Association, the directors are the Vale Inn Association's elected council and the President and Secretary are the Vale Inn Association's Chairman and Vice-Chairman respectively.
15. After each annual general meeting of Vale Inn Association, the shares of 380944 B. C. Ltd. registered in the name of a council member who was not re-elected, will be transferred into the name of his replacement and the officers and directors will be changed to reflect what is set out above in paragraph 14.
16. The directors of the Vale Inn Ltd. will also be the council members of the Vale Inn Association, and the President and the Secretary, the Chairman and Vice-Chairman respectively, of the Vale Inn Association.
17. 380944 B.C. Ltd. has signed a Declaration of Trust which says that it holds all of the issued and outstanding shares of Vale Inn Ltd., "In Trust", for each of the leaseholders according to the unit entitlement which is set out on Schedule "C" to the Declaration of Trust.
18. The unit entitlements are in the same proportions in which each leaseholder contributes to the common area costs.
19. When a leaseholder transfers his lease to a purchaser and the transfer is registered in the Land Title Office, the

purchaser automatically becomes a beneficiary under the Declaration of Trust, without the need for any document to be signed to this effect.

20. Because the leaseholders now indirectly control Vale Inn Ltd., the registered owner of Strata Lot 37, each of them has an indirect interest in the fee simple title of Strata Lot 37 as well as having their leasehold interest.

21. Control of Vale Inn Ltd., gives the Vale Inn Association control over all of the common areas of the building and at the end of the terms of the leases, the then leaseholders will be in a position to either renew the leases or do whatever seems to make the most sense from an investment point of view.

22. If the useful life of the building is less than the terms of the leases, the Vale Inn Association, by controlling the registered owner of the building, will be in a position to control its own destiny in terms of what to do at such time.

II. SOME FACTS AND FIGURES ON COMMON AREA COSTS

1. Something which often comes up when buying or selling in Vale Inn is that the common area costs seem high.

2. The following should be pointed out to realtors and prospective purchasers:

- (a) the monthly assessment includes real estate taxes, water and sewer charges and cable vision at the bulk rate,
- (b) there is no separate charge from B.C. Hydro for electricity (each unit's hydro is covered in the Vale Inn Association's bills from B.C. Hydro),
- (c) the property is zoned as a hotel,
- (d) the taxes are assessed lower on a per unit basis than the Whistler Vale immediately opposite,
- (e) the water and sewer assessment is on a commercial basis which is quite a bit higher than what each unit at Whistler Vale is assessed for water and sewer,
- (f) when the taxes and water and sewer are put together they are roughly equivalent on a per unit basis to what the Whistler Vale strata lot owners pay for taxes and water and sewer,

- (g) there is no Phase 1 or Phase 2 covenant and no fees are payable to the Whistler Resort Association.

The leaseholder or prospective purchaser should deduct the real estate taxes, water and sewer, and cable vision charges from the Vale Inn Association monthly charges; and add on the estimated monthly B.C. Hydro bill and Whistler Resort Association fees to the common area costs of any strata lot, he wishes to make a direct comparison with.

N.B. The above summary was prepared in November 1992 for information purposes only of the then registered leaseholders. It should not be relied upon by anyone with respect to the present state of affairs at any point in time. The current status of all of the information should be independently verified by anyone proposing to deal with a leasehold interest in the Vale Inn.

ATTACHMENTS: 1. Schematic Diagram 2. Declaration of Trust*

*The Land Title Search which is Schedule B to the Declaration of Trust is not attached. It changes every time a lease is transferred and is 24 pages long at last count.

A State of Title Certificate can be ordered directly from the Land Title Office at a cost of \$10.00 by any leaseholder who wishes to confirm the registration details of his lease.

The following legal description needs to be inserted into the application for the State of Title Certificate:

Parcel Identifier: 002 - 763 788
Strata Lot 37
District Lot 5413
Strata Plan Vr 549.

The originally executed documents in connection with 380944 B.C. Ltd. and Vale Inn Ltd. are kept on file at the Vale Inn Association's solicitor's office in Vancouver.

OWNERSHIP ORGANIZATION CHART FOR VALE INN LEASEHOLDERS

LEASEHOLDERS - REGISTERED LEASES

WHO ARE MEMBERS OF VALE INN ASSOCIATION

VALE INN ASSOCIATION COUNCIL MEMBERS
ARE THE OWNERS OF ALL THE ISSUED AND
OUTSTANDING SHARES OF 380944 B.C. LTD.

380944 B.C. LTD.

WHICH OWNS ALL OF THE ISSUED AND
OUTSTANDING SHARES OF VALE INN LTD.
IN TRUST FOR THE LEASEHOLDERS

VALE INN LTD. - REGISTERED OWNER OF S.L. 37

TITLE SUBJECT TO THE LEASES OF 65 LEASEHOLDERS
WHO ARE ALL MEMBERS OF VALE INN ASSOCIATION

SCHEDULE "A"

THIS INDENTURE OF LEASE made the _____ day of _____

BETWEEN:

VALE INN LTD., a British Columbia Company,
having an office at 5631 No. 3 Road, in the
Municipality of Richmond, in the Province
of British Columbia; V6X 2C7

(herein called the "Lessor")

OF THE FIRST PART

PROPERTY OF THE WHISTLER
REAL ESTATE CO. LTD.

AND:

(herein called the "Lessee")

OF THE SECOND PART

WHEREAS:

A. The Lessor is the registered owner of the Vale Inn Hotel,
Whistler, British Columbia (hereinafter called the "Hotel") situated on those
lands and premises in the Resort Municipality of Whistler, in the Province of
British Columbia, more particularly known and described as:

Strata Lot Thirty-Seven (37), District Lot 5413
Strata Plan Vr549 together with an interest in the
common property in proportion to the unit
entitlement of the Strata Lot as shown on Form 1.

(hereinafter called the "Strata Lot")

B. The strata corporation relating to the Strata Lot was created
at the time of filing of the strata plan under the name "The Owners Strata
Plan No. Vr549" (hereinafter called the "Strata Corporation").

C. The Lessee wishes to lease and the Lessor has agreed to
Lease unit No. _____ on the _____ floor of the Hotel as shown
outlined in red on Schedule "I" hereto (hereinafter called the "Unit") on the
terms and conditions herein set out.

NOW THEREFORE WITNESSETH that in consideration of the rents, covenants,
conditions and agreements herein respectively reserved and contained the
Lessor does hereby demise and lease the Unit to the Lessee to have and to
hold unto the Lessee for the Term (as herein defined).

PROPERTY OF THE WHISTLER
REAL ESTATE CO. LTD.

1. TERM

The term of this lease (herein called the term) shall be Two Hundred years (200) commencing on the _____ day of _____, 19__ and ending on the _____ day of _____, 19__.

2. RENT

The rent for the whole of the term shall be the sum of _____ (\$ _____) DOLLARS which amount has been prepaid by the Lessee to the Lessor as prepayment of rent owing under this lease for the whole of the Term hereof. Save and except as herein provided, the Lessor acknowledges and agrees that the Lessee shall not be required to pay to the Lessor any additional amount on account of rent under this Lease for the whole of the Term of this Lease.

3. OTHER CHARGES

In addition to payment of rent, the Lessee agrees that it will in each and every year of the Term pay and discharge or cause to be paid and discharged within Thirty (30) days after the same become due and payable its proportionate share of all insurance, maintenance, common expenses, property taxes, rates, duties, assessments including Whistler Resort Association assessments, if any, local improvement rates and other charges, that may be levied, charged or assessed against the Strata Lot or payable to or levied by the Strata Corporation (hereinafter called the "Other Charges") including without limitation:

- (a) Strata Corporation expenses as per budget of Strata Corporation;
- (b) property taxes for Strata Lot 37;
- (c) sewer and water charges;
- (d) British Columbia Hydro charges;
- (e) propane heating charges;
- (f) insurance;
- (g) WRA dues;
- (h) cablevision;
- (i) garbage removal;
- (j) accounting and legal
- (k) cleaning of common areas;

- (l) sauna and whirlpool maintenance;
- (m) landscape maintenance;
- (n) telephone intercom (British Columbia Telephone Company);
- (o) telephone switchboard and phones;
- (p) repairs and maintenance;
- (q) contingency reserve;
- (r) management fees

PROPERTY OF THE WHISTLER
REAL ESTATE CO. LTD.

For the purposes of this Lease, the Lessee's proportionate share is deemed to be _____ per cent (____%).

4. DELIVERY OF POSSESSION AT END OF TERM

The Lessee covenants and agrees that upon expiry of the Term the Lessee will peacefully yield up possession of the Unit to the Lessor provided that the Lessor acknowledges and agrees that pursuant to clause 5 any improvements now or at any time during the Term forming part of the lot may be removed by the Lessee in whole or in part at its sole option at any time during the Term or at the expiry of the Term or the Lessee may leave the same at the expiry of the Term.

5. OWNERSHIP OF IMPROVEMENTS

The improvements from time to time forming part of the Unit shall as between the Lessor and the Lessee and for all other purposes be the sole and absolute property of the Lessee.

The Lessor does hereby acknowledge to and agree with the Lessee that the Lessee may at its sole option from time to time and without any notice to or consent of the Lessor, reconstruct, alter, replace, demolish, waste and remove any improvements from time to time forming part of the Unit, subject to the applicable zoning and any restrictions, limitations and requirements of any authorities having jurisdiction over the Unit or Strata Lot and subject to the Condominium Act of British Columbia and provided that such removal, alteration, reconstruction, replacement or demolition does not cause any damage to any of the common property of the Strata Lot or the structure of the Hotel.

PROPERTY OF THE WHISTLE
REAL ESTATE CO. LTD.

6. LIENS

The Lessee shall protect and indemnify the Lessor and the Lessor's interest in the Unit and Strata Lot from all liens, claims, lien, builder's liens, or any similar charges or encumbrances, except those arising in connection with the Lessor's original construction of the improvements forming part of the Strata Lot. The Lessor shall have no obligation to any persons in respect of any improvements from time to time forming part of the Unit including any claims for builder's liens, except any so arising in connection with the Lessor's original construction. The Lessee agrees that the Lessor may give notice to all persons who would be entitled to file a builder's lien other than in connection with the Lessor's original construction, confirming that the Lessor is not responsible for any improvements, and the Lessor may post notices, on the Unit or Strata Lot and the common property comprised in the Strata Lot, pursuant to the provisions of the Builders Lien Act of British Columbia and of Section 13 thereof and of any replacement or similar rule of law or legislation and the Lessee agrees to assist the Lessor to do so.

7. TITLE TO STRATA LOT

The Lessee acknowledges and agrees that title to the Strata Lot is as set out in Schedule "II". The Lessee agrees to assume the obligations of the Lessor under all charges and agreements described in Schedule "II" as the same relate to the Unit.

8. INSURANCE AND RISK

The Lessee shall be under no obligation to the Lessor to insure the Unit. The Lessor hereby waives any and all rights to receive any proceeds of any such insurance and the Lessor declares that it has no insurable interest in any improvements from time to time forming part of the Unit. The Lessor covenants and agrees to provide at the request of the Lessee, at any time and from time to time during the Term, a certificate under seal of the Lessor confirming the provisions of this clause 8. The Lessee shall be responsible for placing its own casualty and liability insurance. The contents of the Unit shall be at the risk of the Lessee. The Lessor shall not be responsible for any liability including occupiers liability or otherwise in connection with the lot and the Lessee shall save the Lessor harmless therefrom.

9. REPAIR

The Lessee shall have no obligation to the Lessor with respect to the repair of any improvements from time to time forming part of the Unit.

10. COMPLIANCE WITH LAWS

As between the Lessor and the Lessee, it shall be the Lessee's obligation and responsibility to comply with all laws and regulations of the Resort Municipality of Whistler, the Province of British Columbia, and other authorities having jurisdiction, including the Land Use Contract registered under No. F5941P and any amendments thereto.

11. EFFECT OF LESSEE'S DEFAULT

Except in the case of non-payment of Other Charges and taxes or failure to comply with the Lessee's undertaking to the Strata Corporation given under paragraph 20 of this lease, (the "Lessee's Undertaking") no default of the Lessee under this Lease shall be the basis of termination, cancellation or forfeiture of this Lease or of the rights and liberties hereby granted to the Lessee. It is expressly understood however that the rights of Strata Corporation in regard to the Unit or Strata Lot are not affected or diminished in any way by the provisions of this Lease and the Lessee hereby acknowledges and confirms the Lessor's rights to take any and all legal remedies necessary to protect or enforce the rights or remedies of the Strata Corporation:

12. LESSOR'S REMEDIES IN EVENT OF DEFAULT

If the Lessee shall be in default in the performance or observance of any of the covenants or conditions on the part of the Lessee herein contained to be observed or performed, the Lessor may remedy the default of the Lessee hereunder but shall be under no obligation to do so. Except in the case of non payment of Other Charges and Taxes or failure to comply with the Lessee's Undertaking, the Lessor's sole remedies in the event of default by the Lessee shall be the right to remedy the default and to seek repayment or reimbursement from the Lessee and the Lessor shall have no other remedies express or implied in respect of any default, any rule of law or statutory provision to the contrary notwithstanding.

PROPERTY OF THE WHISTLER
REAL ESTATE CO. LTD.

13. STRATA PLAN

Provided there are no prospectus requirements and provided that applicable laws will permit, the Lessor covenants and agrees that it will, forthwith upon request by a Seventy-Five per cent (75%) majority of the tenants in the Hotel apply to have the Strata Lot subdivided by sub-strata or other similar means, in order to create a separate Title the Unit and allow the Lessee to take ownership in fee simple of the Unit thereby created. All documents and plans required or requested by the Lessee in connection with any amendment of the strata plan pursuant to the Condominium Act of British Columbia and any filing fees required or any grant of an interest in the strata lots or common property comprised in the strata plan as may be required by any governmental authority including without restriction, easements, rights-of-way, restrictive covenants, statutory covenants, building schemes and development permits shall be prepared at the expense of the tenants. It is understood and agreed that the Lessor shall execute and deliver all such documents and plans without delay and the Lessor shall not be entitled to claim any fee whatsoever for its own services in connection with the execution and delivery of any such documents and plans. It is further understood that the Lessor will be granting or creating such interest in its capacity as registered owner in fee simple of the Strata Lot and as holder of the reversionary interest under this Lease and that upon such subdivision the Lessor will release such interest in the Unit and transfer title to the Unit to the Lessee without payment of any further fee. Nothing in this Lease shall require the Lessor to execute or deliver any document or do any act which is improper or which involve misrepresentations or misstatements.

14. RIGHT TO ASSIGN

The Lessee shall be entitled any time and from time to time in its sole discretion to assign its interest under this Lease or to sublet its interest under this Lease without the consent of the Lessor, (The Lessee's assignee and the assignee's successors and assigns are each herein called an "Assignee").

15. RIGHT TO MORTGAGE

The Lessee shall be entitled at any time and from time to time to mortgage, charge, encumber or hypothecate the leasehold interest of the

PROPERTY OF THE WHISTLER
REAL ESTATE CO. LTD.

The Lessor agrees, if requested by the Lessee or any lessee of the Lessee, to provide from time to time, certificates to the lender confirming the status of this Lease and the prepayment of rent.

PROPERTY OF THE WHISTLER
REAL ESTATE CO. LTD.

16. REGISTRATION OF LEASE

The Lessor and Lessee acknowledge and agree that this Lease may be registered in the Vancouver Land Title Office.

17. RELEASE OF LESSEE FROM COVENANT

If the Lessee shall sell, transfer or otherwise dispose of its whole right, title and interest in and to the Unit and if the assignment or disposition is to a person who shall covenant and agree to and with the Lessor to be bound by and observe and perform all of the covenants and conditions contained in this Lease on the part of the Lessee to be observed and performed, the Lessee upon making such sale or transfer shall thereafter be relieved of any and all future obligations hereunder in respect of the Unit.

18. RELEASE OF LESSOR FROM COVENANTS

If the Lessor shall sell or otherwise dispose of its whole right, title and interest in and to the Strata Lot and in, to, under and in respect of this Lease with respect to the Unit to a person or persons who shall covenant and agree to and with the Lessee to be bound by and to observe and perform all of the covenants and conditions herein contained on the part of the Lessor to be observed and performed, the Lessor making such sale, transfer or other disposition shall thereafter be relieved of any and all future obligations hereunder in respect of the Unit.

The provisions of this paragraph and of paragraph 17 shall apply, mutatis mutandis to each of the persons constituting the Lessor and Lessee if and so often as the Lessor and the Lessee or either of them consist of more than one person.

19. RIGHTS OF LESSEE AND ASSIGNEE

The Lessor acknowledges and agrees that the tenants and any Assignees of all leased units in the Hotel shall, together, have the rights and privileges provided to tenants of strata lots under leases having terms of three years or more, under the Condominium Act of British Columbia and in particular all rights provided under Sections 16 and 69 of that Act and specifically excluding the leasehold strata provisions in Part 3 of that Act.

The Lessor hereby consents, and if requested will consent, to any actions of a Seventy-Five per cent (75%) of tenants of all leased Units in the Hotel or any Assignees pursuant to Sections 20(1), 22 and 23 (1) of the Condominium Act or any replacement Sections provided the same do not result in the Lessor losing its reversionary interest in the Unit. It is hereby acknowledged and agreed that such tenants and Assignees together shall have, as between them and the Lessor:

- (a) all ownership rights of any improvements forming part of the Unit;
- (b) all rights with respect to any and all insurance and proceeds thereof placed by the Lessee, the Assignee, or the strata corporation; in connection with the Unit.

PROVIDED ALWAYS that no such rights, nor any other provision of this Lease, shall have the effect of permitting or authorizing the Lessee, any Assignees or any other person to terminate this Lease or to terminate the Lessor's reversionary interest in the Unit or Strata Lot.

The parties acknowledge that the strata plan which created the Strata Lot is not a leasehold strata plan as provided for in Part 3 of the Condominium Act. None of the provisions of Part 3 of the Condominium Act or any replacement legislation shall apply to the Lessor and Lessee or the Unit.

The Lessor acknowledges, covenants and agrees to execute and deliver upon the request of the Lessee, and any Assignee and its successors and assigns, a certificate or certificates from time to time confirming the

provisions of this Clause 19, or if requested, any other provisions of this Lease.

PROPERTY OF THE WHISTLER
REAL ESTATE CO. LTD.

20. COMPLIANCE WITH ACT

The Lessee shall comply with the Condominium Act of British Columbia and the bylaws and rules and regulations of the Strata Corporation and, upon request from time to time by the Lessor or the Strata Corporation, the Lessee shall give the Strata Corporation an undertaking to that effect in the form attached hereto as Schedule "III".

21. QUIET ENJOYMENT

The Lessor hereby covenants and agrees with the Lessee that the Lessee shall and may peaceably possess and enjoy the Unit for the whole of the Term without any disturbance from the Lessor or any other person or persons claiming by, from, or under the Lessor.

22. NO IMPLIED COVENANTS

Notwithstanding any rule of law or equity to the contrary, there shall be no implied covenants or agreements of either the Lessor or the Lessee which are not expressly set forth herein.

23. ACCESS

The Lessor grants during the Term hereof unto the Lessee, its employees, invitees, and licensees in common with all others entitled thereto an easement appurtenant to and for the benefit of the Unit for the purpose of ingress and egress to and from the Unit, together with the right in common with all others entitled thereto to use the common areas and common facilities of the Hotel in accordance with rules and regulations relating thereto as determined or set from time to time by the Lessor or Strata Corporation.

24. MANAGEMENT

The Lessee covenants and agrees to execute a Management Agreement in the form attached hereto as Schedule "IV" (or any replacement therefor provided by the Lessor).

25. NOTICES

All notices, demands, and requests required or permitted to be given hereunder shall be in writing and may be personally delivered or may be sent by prepaid registered mail if mailed in British Columbia. If any notice is delivered or sent by registered mail as aforesaid it shall be deemed to have been given and received at the time of delivery.

Any such notice, demand or request shall be delivered or mailed as aforesaid to the Lessor or to the Lessee at the respective addresses first stated herein or at such other address or addresses as the Lessor or the Lessee or each Assignee may by written notice so provide to the other for that purpose.

26. GOVERNING LAW

This Lease and all the provisions hereof shall be governed by and construed in accordance with the laws of the Province of British Columbia which shall be deemed to be the proper law hereof.

27. SUCCESSORS

This Lease shall enure to the benefit of and be binding upon the Lessor and the Lessee and their respective successors and assigns. In particular, this Lease shall enure to the benefit of and be binding upon each Assignee of the Unit and his respective successors and assigns.

28. FURTHER ASSURANCES

The Lessor and the Lessee, their successors and assigns, covenant and agree that each will execute and deliver such further and other documents, certificates, agreements and confirmations, and shall do such further and other acts and things as may be necessary to carry out the provisions and intent of this Lease and in particular, but without restriction, in order to enable the Lessee to deal with the Unit as provided

PROPERTY OF THE WHISTLER
REAL ESTATE CO. LTD.

in this Lease and to give full force and effect to the rights and obligations of the parties hereto and their successors and assigns.

PROPERTY OF THE WHISTLER
REAL ESTATE CO. LTD.

IN WITNESS WHEREOF the Lessor and Lessee have executed and delivered this Lease on the day and year first above written.

THE COMMON SEAL of the Lessor was hereunto affixed in the presence of:)

c/s

Authorized Signatory

SIGNED, SEALED AND DELIVERED by the Lessee in the presence of:)

