

107

An Appraisal
of the
Helicopter Repair and Overhaul Facility
Located At

4300 80th Street
Delta, British Columbia

For


Argo Ventures Inc.

as at

August 26, 2011

By

J. Richard Young, B.Comm., AACI, P.App. RI (BC)

This is Exhibit "C" referred to in the
affidavit of ERIC LEE
sworn before me at VANCOUVER
this 6 day of FEBRUARY A.D. 2011

A Commissioner for taking Affidavits
within British Columbia

Grover, Elliott & Co. Ltd.



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Grover, Elliott & Co. Ltd.

Real Estate Appraisers and Counsellors

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Argo Ventures Inc.
17th Floor, Sun Tower Building
100 West Pender Street
Vancouver, BC V6B 1R8

September 1, 2011
Our File: 2011-0582-D

Attention: Mr. Eric Lee

Dear Sir:

Re: 4300 80th Street
Delta, British Columbia

In response to your request, we have appraised the leased fee interest in the above referenced real property. Our estimate of the market value as at August 26, 2011 was:

FORTY ONE MILLION FOUR HUNDRED THOUSAND DOLLARS
\$41,400,000

This narrative appraisal report contains the research, data and analyses that underlie the value estimate. Our opinions are subject to the assumptions and limiting conditions contained within the body of the report and in Appendix 1.

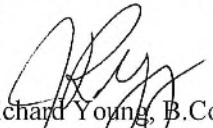
We prepared this appraisal report exclusively for Argo Ventures Inc. for financing purposes. We are unaware of any third parties that are likely to see or rely on the report and expressly deny liability in this respect or for any other use. Grover, Elliott & Co. Ltd. accepts no liability or responsibility for any damages that may be suffered or incurred by any third party as a result of the use of, reliance on, or any decisions made based on this report.

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Respectfully submitted,

GROVER, ELLIOTT & CO. LTD.

per:



J. Richard Young, B.Comm., AACI, P.App. RI (BC)

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Direct Line: 604-638-3149

JRY/nr

Encl.

 Grover, Elliott & Co. Ltd.

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SUMMARY

Location

The subject property is situated on the east side of the 4300 Block of 80th Street, in the Boundary Bay Airport area of Delta, BC.

The Site

Rectangular – 4.043 hectares or 9.990± acres (431,169± square feet)

The Improvements

Present improvements comprise a purpose built helicopter repair and overhaul facility that was constructed between 2006 and 2008. Based on information available total floor area is 234,700 square feet, resulting in a floor space ratio of 0.54. The majority of the yard area is asphalt paved, lined and lighted, providing onsite vehicle parking and loading. The development has airside access to the Boundary Bay Airport.

Land Use Controls

I-8, Airport Terminal

Highest and Best Use

As improved, a helicopter repair and overhaul facility with related onsite vehicle parking, loading and landscaping.

Date of Value Estimate

August 26, 2011; the date of inspection of the property.

Valuation

\$41,400,000

BASIS OF THE APPRAISAL

Objective of the Appraisal

The objective of this report is to provide our estimate of the current market value of the real property herein described. An accepted Canadian definition¹ of market value follows.

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are the consummation of a sale as of the specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their best interests.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in Canadian dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Property Rights Appraised

The most comprehensive form of ownership is a "Fee Simple Estate", which includes^{2[1]} a "bundle of rights" that embraces the right to use the property, to sell it, to lease it, to enter it, or to give it away. It also includes the right to refuse to take any of these actions. Certain government powers - taxation, expropriation, police power and escheat (the right of government that gives the state titular ownership of a property when its owner dies without a will or any determinable heirs) - limit these rights and privileges. A fee simple interest excludes existing financing and leases.

¹ *Canadian Uniform Standards of Professional Appraisal Practice*, Appraisal Institute of Canada, Ottawa, 2002

^{2[1]} *The Dictionary of Real Estate Appraisal*, 3rd Edition, Appraisal Institute, Chicago, 1993

The property rights appraised are those of the "Leased Fee Estate", which is the lessor's or landlord's interest. A landlord holds specific rights that include the right to use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee (leaseholder) are specific by contract terms contained within the lease. Although the specific details of leases vary, a leased fee generally provides the lessor with the following rights:

- Rent to be paid by the lessee under the stipulated term
- The right of repossession at the termination of the lease
- Default provisions
- The right of disposition, including the rights to sell, mortgage, or bequeath the property, subject to the lessee's rights, during the lease period

SCOPE OF WORK

Inspection and Identification

We inspected the interior and exterior of the property August 26, 2011. Our identification of the property involved a review of Corporation of Delta mapping, survey plans and a layout map of the improvements.

Type of Analysis

This narrative appraisal report complies with the Canadian Uniform Standards of Professional Practice of the Appraisal Institute of Canada. We have competence in this type of appraisal analysis and have valued this class of real property before.

Data Research

Sources of market evidence included, as appropriate, the local real estate board, Land Title Office transactions - including those reported by RealInfo, a commercial data provider and BC Assessment - and real estate agents, vendors and purchasers active in the market. The BC Online service provided information on the state of title.

Audits and Technical Investigations

We did not complete technical investigations such as:

- Inspections or engineering review of the structure, roof or mechanical systems;
- Technical review of the structure, roof or mechanical systems;
- Technical review of the existing or proposed utility servicing;
- A site or building survey;
- Investigations into the bearing, percolation or other qualities of the soils;
- Investigations into the extent and value of subsurface oil, gas or mineral rights, or whether the property is subject to surface entry by others for the exploration or removal of such materials;
- An environmental review;
- An archaeological survey;
- A hydrological study;
- A tree inventory;

- Research into the presence of sensitive species or protected habitat such as raptor nesting sites; or
- Audits of financial reports and legal (lease and other) arrangements pertinent to the financial operation of the property, as reported by the owner.

Verification of Third Party Information

The analysis set out in this report relied on written and verbal information obtained from primary and hearsay sources, some of which we did not confirm. Except as described herein we did not verify client-supplied information, which we assumed to be correct. Anyone wishing to rely on this report should confirm the source of any important information herein and the assumptions that underlie any significant conclusion.

PROPERTY INFORMATION**Civic Address**

4300 80th Street, Delta, British Columbia

Legal Description

Parcel "B", Sections 29, 30, 31 and 32, Township 3, New Westminster District, Reference Plan 64938, Except: Plans BCP46875 and BCP48286

Parcel Identifier

003-528-472

Title Information and Encumbrances

Included in the addenda is a title status print dated August 26, 2011

The registered owner of the property is The Corporation of Delta.

Subject to the limitations of this assignment and based on our interviews, client-supplied information and our review of the title search print, we believe that title encumbrances do not materially affect the value of the property except as discussed specifically herein. However, we did not obtain a legal opinion of the state of title or any of the encumbrances, lack qualifications in this legal area and have not read the documents registered against title. Our appraisal therefore assumes that title is good and marketable and that encumbrances do not affect the value of the appraised interest.

ASSESSMENTS AND TAXES

Actual value assessments for the subject property, as provided by British Columbia Assessment for 2011, are as follows:

Roll No.:	074920000	
Land		\$9,859,000
Improvements		<u>NIL</u>
Total		\$9,859,000
Gross Taxes (2011)		n/a

The foregoing assessment relates to 326.032 acres of land that is zoned A-1 and I-8.

Actual value reflects the opinion of British Columbia Assessment of the market value of the property as at July 1, 2010 based on October 31, 2010 physical condition. Assessors disregard encumbrances such as leases and financing, and can base their assessments on mass appraisal techniques such as multiple regression analysis, and on dated inspection information. Consequently, actual values can be a less precise estimate of market value than provided by a full appraisal.

HISTORY AND USE

Sales History

Canadian Uniform Standards of Professional Appraisal Practice of the Appraisal Institute of Canada require investigation and consideration of transactions of the subject property occurring near the effective date of the appraisal. Where a recent arm's length market transaction occurred, compelling evidence of value arises, often requiring only an adjustment for market conditions. British Columbia Assessment Authority records indicate that there have been no recent transactions for the subject property. An offer to purchase dated June 30, 2011 is in place at a figure of \$37,000,000.

We are unaware of any other marketing activity or of any offering of or for the property. Land Titles Office records, a primary source of data on real estate sales, do not include transfers of property accomplished by sale of shares by an owner holding title to the property. Since no public database records transactions of shares for privately held companies, we cannot discern sales of this nature.

Present Use

The subject property is currently owner occupied and is used as a helicopter repair and overhaul facility.

THE SITE

Location

The subject site is situated on the east side of the 4300 Block of 80th Street, as part of the Boundary Bay Airport, in the Corporation of Delta, British Columbia.

Shape and Size

Rectangular in shape, the site has a frontage along 80th Street of 195.170 metres or 640.32 feet. The south boundary measures 201.170 metres or 660.01 feet. The east boundary has a length of 195.170 metres or 640.32 feet and the angled northeast dimension is 8.485 metres or 27.84 feet. The north boundary of the site has a length of 189.178 metres or 620.66 feet. The angled northwest dimension is 8.480 metres or 27.82 feet. The Land Title Office survey plan indicates that parcel size is 4.043 hectares or 9.990± acres (435,169± square feet).

Topography

The site is level and at grade elevation with 80th Street and the airside access portion of the Boundary Bay Airport that is contiguous on the south.

Soil Conditions

We have not been provided with nor have we commissioned a soil survey for the subject site.

For the objective of this report, we assumed that the bearing, percolation and other characteristics of the land are adequate to permit development under the present or alternate land use controls, without undue and costly site preparation or engineering.

We did not observe any obvious contaminants or hazardous materials at the property. We have no knowledge and lack qualifications to detect the existence of such materials on or in the property. Our value estimate assumes that no such material exists on, in or near the property that would cause a loss in value. We recommend retaining an expert in these matters if doubt exists regarding the quality of the soils or groundwater.

Access

Vehicle entry to and egress from the property is available from 80th Street via two curb cuts and to the southwest corner of the site via one access driveway and a chainlink gate.

Visual Exposure

The property benefits from excellent visual exposure to traffic flowing in both directions along 80th Street and east and west bound along Churchill Street. Visual exposure is not considered to be of significance for valuation purposes.

Street Improvements

80th Street has two asphalt paved lanes plus asphalt and rough surfaced shoulders. The roadway has open ditches on both sides, with ornamental street lighting in place.

Utilities

All utilities common to developed urban areas are available including electricity, water, sanitary sewer, storm sewer, natural gas and telephone.

Surrounding Developments

Vacant land predominates to the east and west of the subject, with an aviation fuel facility on the west side of 80th Street, adjacent to the Boundary Bay Airport runway. Greenhouses are to the north of the subject and an overpass is under construction, associated with the South Fraser Perimeter Road. A runway for the Boundary Bay Airport is to the south of the subject, providing airside access. The main concentration of development at the Boundary Bay Airport is to the west of the subject.

THE IMPROVEMENTS

Design and Plan

Present improvements comprise a purpose built helicopter repair and overhaul facility that was constructed between 2006 and 2008. The majority of the yard area is asphalt paved, lined and lighted, with perimeter and interior landscaping incorporated. Parts of the north and east components of the site are rough surfaced. A chainlink fence and a gate provide secured access to the southwest corner of the land parcel. The development has approximately 314 vehicle parking spaces.

The development has a two-storey non-basement tilt-up concrete office component with a main floor area of approximately 20,542 square feet. This space includes the principle pedestrian entry with reception, open and private office components, a cafeteria and kitchen, exercise room with male and female change rooms and washrooms plus general and office washrooms.

The second floor of the office space has a size of approximately 21,952 square feet, exclusive of the avionics component at 12,320 square feet. The upper floor office has open and private components, washroom facilities, a boardroom, a servery, meeting rooms and an IT room.

Combined area of the office component is approximately 42,494 square feet or 18.1% of the total floor area. The space was designed and built to a very high standard, well above the norm for industrial properties. Exterior height of the office space is approximately 29 feet.

The balance of the building is a one-storey non-basement tilt-up concrete helicopter repair and maintenance facility. The south portion of the building has three hangers plus a paint spray and preparation hanger of 11,340 square feet. This component has a paint spray booth, evaporator room and a mechanical room. Area of the three hangers is approximately 24,000 square feet. Exterior building height is in the order of 41 feet. The balance of the main floor comprises a composite/sheet metal area, an engine workshop with external test cell, a storage area, the shipping and receiving component, a machine shop, a cleaning shop and the north component shop. Combined area of the main floor space is approximately 127,215 square feet.

The building has a substantial mezzanine component used for storage purposes, situated above the main floor and DT cleaning component. The second floor also has an avionics section of 12,320

square feet, located above the sheet metal section on the main floor. The upper level or mezzanine component also has a substantial storage section, with an area of approximately 24,091 square feet. Combined area of the second level or mezzanine, exclusive of the office component, is 53,651± square feet.

Combined floor area for the overall development is 234,700± square feet and floor space ratio is 0.54.

In the absence of technical studies by experts, we have made several assumptions.

- No latent defect or deferred maintenance exists
- The improvements are structurally sound.
- The services to the improvements are sound and adequate.
- The roof, electrical and mechanical facilities are sound and adequate for their purpose.
- The subject improvements contain no environmentally hazardous substances and are free from insect and rodent infestation or dry rot.

We make no representations on these matters. A building condition survey could confirm these assumptions. We also assumed that:

- No encroachments exist involving the property lines or required building or utility setbacks.
- No outstanding work orders or regulatory infractions exist.

Detailed specifications were not available and the following reflects our notes made during the property inspection.

Materials of Construction

Foundations:	Spread footings, post footings, concrete perimeter walls and concrete floor slabs.
Structure:	One-storey non-basement repair and overhaul facility with a two-storey non-basement tilt-up concrete office component

Exterior Finish:	Tilt-up concrete panels painted plus tinted double glazed curtain wall and storefront assemblies
Interior Walls:	Concrete and concrete block in repair sections, office component with gypsum board painted, wood paneling and ceramic tile.
Ceiling Finish:	Primarily open ceilings in the repair sections, offices with a combination of suspended t-bar acoustic tile plus gypsum board painted.
Floor Finish:	Sealed concrete and epoxy finish in repair and storage areas, wall-to-wall carpet and ceramic tile in the office sections
Roofing:	Not inspected, open web steel joists with corrugated metal decking, assume rigid insulation and a vapour barrier, ballasted monolithic single ply EPDM membrane
Plumbing:	Fully sprinklered facility, men's and women's washrooms, plus showers in change rooms, representative plumbing for the coffee and kitchen areas along with the cafeteria and kitchen
Electrical:	Heavy power wiring representative of a helicopter repair and overhaul facility, recessed lighting and dropped lighting in the office sections, fluorescent and metal halide lighting in other areas
Heating:	Natural gas fired roof top mounted heating, ventilating and air conditioning for the office section, suspended natural gas fired unit heat and natural gas fired tube radiant heat for industrial sections
Doors and Windows:	Double glazed metal sash windows in main pedestrian entry doors, metal fire doors, overhead metal loading doors at grade level, sliding hanger doors on the south face of the repair facility, solid and/or hollow core wood interior doors
Yard Improvements:	Asphalt paved, lined and lighted yard area with approximately 314 vehicle parking spaces, perimeter and interior landscaping
Age and Condition:	Building constructed between 2006 and 2008, assumed to be structurally sound, in excellent overall condition, remaining life in excess of 25 years based on an ongoing repair and maintenance program.

LAND USE CONTROLS

The subject property is currently zoned I-8, Airport Terminal. Complete details of this zoning designation can be found in the Corporation of Delta Zoning Bylaw and appropriate amendments to date.

Uses permitted in the I-8 zone include airport terminals, offices and services customarily associated with airports and for airport uses, sales, rental and maintenance services for aircraft and related equipment, storage and service of aircraft and vehicles, including fuel and related facilities, manufacture, assembly and service of aeronautical components and related equipment, aviation training and trade schools and scientific, electronic, technological research and related manufacturing facilities.

A variety of setback requirements are in place and maximum building height is 16 metres or 52.49 feet.

Off-street parking, loading and landscaping are requirements of I-8 schedule.

The Official Community Plan designation is for Transportation Terminal.

Other municipal policies exist for matters such as building codes, heritage, subdivision, parking and loading.

On the basis of the information available to us, the subject development appears to conform to the land use controls.

Most provincial municipalities have also adopted official community plans, area plans and other planning devices that supplement their zoning bylaws. The process for developing an official community plan, or OCP, typically involves considerable social, economic and demographic research and an extensive public consultation process. OCPs serve to express municipal aspirations for future land uses within its borders, guide capital budgeting and direct the handling of rezoning applications. In British Columbia, municipalities generally do not rezone properties for a use or development scale that is contrary to the OCP: rezonings of this nature first require an amendment to the OCP.

Municipal councils can change only some aspects of the land use controls that apply to certain properties. Provincial, regional and federal controls that also affect development include:

- environmental and fisheries regulations,
- agricultural land reserve,
- forest land reserve,
- heritage policies,
- public health, building and fire codes, and
- highways and transit plans.

The mandate for this appraisal did not require research into all land use regulations that possibly apply. Further, existing land use controls do not always bind regulators, who can develop new policy and rescind or modify existing land use policies. Municipal planning officials and independent planning consultants can assist with specific questions on land use matters.

HIGHEST AND BEST USE

An accepted definition³ of Highest and Best Use is:

“The reasonably probable and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and that results in the highest value.”

The highest and best use of a property is an economic concept that measures the interaction of four criteria: legal permissibility, physical possibility, financial feasibility and maximum profitability. Estimating the highest and best use of a property is a critical appraisal component that provides the valuation context within which market participants and appraisers select and analyze comparable market information.

An appraiser considers highest and best use of the property, as if vacant, separately from the highest and best use of the property as improved. This is because the highest and best use of the site, as if vacant and available for development, determines the value of the land, although the property's existing improvement may not represent the highest and best use of the site.

Highest and best use of land or a site is:

“the use, among all reasonable alternative uses, that yields the highest present land value, after paying for labour, capital and coordination. The conclusion assumes that the parcel of land is vacant or can be made vacant by demolishing any improvements.”

The subject property is zoned I-8, Airport Terminal. This designation permits a wide variety of uses including sales, rental and maintenance services for aircraft and related equipment. The Official Community Plan designation is for Transportation Terminal.

Changing the land use controls requires approval by municipal council of a rezoning. Given the nature of development in the area and the pattern of municipal land use policy, we consider the prospect of achieving a rezoning to another use or density as unlikely.

³

Canadian Uniform Standards of Professional Appraisal Practice, Appraisal Institute of Canada, Ottawa, 2003

For the purposes of our analysis, we assumed that the non-financial title limitations do not restrict use of the site beyond the restraints of the land use controls.

Market values and rents for airport related properties in the neighbourhood are sufficient to retire the cost of construction, adequately compensate the developer and provide a positive return to the underlying land.

The site size, utility servicing, exposure and topography generally suit the requirements of development. Based on the surrounding development pattern, we assumed that soil conditions could support development as contemplated under the land use controls, without undue or costly site preparation.

Highest and best use of the subject site, as if vacant, is considered to be development in conformity with the present I-8 zoning designation, when economically feasible.

The highest and best use of a property as improved is⁴:

“the use that should be made of an improved property in light of the existing improvements, and the ideal improvement described at the conclusion of the analysis of highest and best use as though vacant.”

An owner would renovate or retain an existing property as is while the improvements continue to contribute to the total market value or until the return from a new improvement would more than offset the cost of demolishing the existing development.

For the objective of this analysis, we have assumed that present improvements comply with the requirements of the zoning bylaws and other land use controls.

⁴*ibid*

The usual opportunities to enhance the utility of an existing improvement involve changing the use (typically requiring a change to the zoning), substantially renovating the structure and/or constructing an addition. The existing improvements contribute significant value to the property. We can envision no alternate program of use that justifies removal of the improvements and do not believe that a change of use is profitable. The existing development reflects a floor space ratio of 0.54.

Highest and best use of the subject property is considered to be the present and existing use, a purpose built helicopter repair and overhaul facility with related onsite vehicle parking, loading and landscaping.

VALUATION

Introduction

Our mandate for the subject property is to arrive at an estimate of current market value, weighing the relative characteristics of the land and improvements in light of present market conditions. Value has been based on the income and direct comparison or market techniques, with no replacement cost analysis incorporated. Properties of this class are generally acquired based upon their income generating characteristics or in comparison with sales, offers and listings of similar properties. The estimation of depreciation in all forms can lead to undue subjectivity for the cost technique. Reliance on one analysis in isolation can result in an erroneous value estimate.

The subject property is situated on the east side of the 4300 Block of 80th Street, in the Boundary Bay Airport area of the Corporation of Delta. The rectangular site has a size, as per the Land Title Office survey plan, of 4.043 hectares or 9.990± acres (435,169± square feet).

Topographical features of the site are conducive to the present or alternative uses. A full range of municipal services are in place. For the objective of this report we have assumed that the bearing capacity of the land is adequate to permit development, without undue and costly site preparation.

The site currently zoned for airport terminal use under the I-8 designation. This zoning schedule appears to permit the subject use. The Official Community Plan designation is for transport terminal.

For the objective of this report we have assumed that the present improvements comply with the zoning bylaw regulations. The development conforms to other projects located throughout the general area.

Present improvements comprise a two-storey non-basement office component with an attached purpose built one-storey non-basement tilt-up concrete helicopter repair and overhaul facility. Combined building area is approximately 234,700 square feet and floor space ratio is 0.54. The office component has a total area of 42,494± square feet or 18.1% of the total area. The majority of the yard area is asphalt paved, lined and lighted, providing approximately 314 vehicle parking spaces. Perimeter and interior landscaping is part of the overall project and the development has airside access.

It is our understanding that the subject property is on leased land, with the agreement extending to April 28, 2050. Rent is prepaid and is on a fully net basis. Use under the lease agreement is for repair and maintenance of aircraft, the storage of aircraft and related material and equipment and related office use. The lease specifically excludes the storage of fuel.

Income Approach

The income technique is the test whereby the estimated net revenue from a property is converted into an indication of market value, generally through application of an overall capitalization rate. This rate is most often market determined through an analysis of sales, offers and listings of similar properties.

The first step in the income technique is the estimation of market rent or the confirmation of contract lease rates in place.

We have been provided with a single tenancy lease agreement for the subject property. Heli-One Canada Inc. is the tenant and the guarantor is 6922767 Holdings S.A.R.L.

The commencement date of the lease agreement is October 31, 2011 and the term is for 23 years. The agreement is on a fully net basis and includes two options to renew, the first is for ten years and the second is up to and including April 27, 2050.

For years 1 to 5 annual rent is \$3,164,153 or \$13.48 per square foot, based on a total building area of 234,700 square feet. For years 6 to 10 the annual lease rate is \$3,164,153, increased by the lesser of 12% and the consumer price index factor. The same lease rate increase applies for years 11 to 15, years 16 to 20 and years 21 to 23. Assuming a 12% increase for each of the various periods. The lease rates escalate from \$13.48 per square foot net for years 1 to 5 to \$15.10, \$16.91, \$18.94 and \$21.21 per square foot on a net basis. Average rent of the 23-year term will be \$3,936,921 per annum or a rate of \$16.71 per square foot. Average rent over the first 10 years of the term could be \$3,354,002 per annum or \$14.29 per square foot net.

Section 2.1 of the lease agreement specifies that the lease is completely net to the landlord.

Section 15.1 relates to the option to renew. Annual base rent is to be the greater of the annual base rent payable during the immediate de-preceding twelve month period of the term or renewal term or the then current fair market rental value of the premises.

In order to provide an indication of current market lease rates for similar space, we have surveyed a variety of locations, with the following evidence assembled and collated:

1. 3500 Gilmore Way, Burnaby

A three storey steel frame and concrete office development in Discovery Park with underground and surface parking and landscaping. Single tenant Class A building containing data centre for Telus, plus 2 floors of office space. Leasable area of 51,571 square feet. FSR of 0.47. Site area of 2.52 acres. M-8 zoning (Advanced Technology Research District). Lease renewal for the second and third floors as follows (ground floor presently leased at \$18.50 per square foot) – 34,624 square feet – 10 years from November 1, 2007 to October 31, 2017 - \$17.50 per square foot (Years 1 – 5) - \$18.50 per square foot (Years 6 – 10).

2. 9000 Glenlyon Parkway, Burnaby

Class A two-storey office with a research and development section, 117,000± square feet on 8.052 acres in the Glenlyon Business Park, 14 years old. The office is 71,500± square feet, with 45,500± square feet for the research/development space. Sale/leaseback for a 15-year term plus 2 five year options to renew. Lease from January 2010 at \$18 per square foot net for years 1 to 5, \$20 for years 6 to 10 and \$22 for years 11 to 15.

3. 9100 Glenlyon Parkway, Burnaby

Glenlyon Business Park

A 10 year old, two storey single tenant Class A office building. Rentable area of 61,833 square feet and 313 on-site parking stalls. Site size is 5.664 acres zoned CD. FAR is 0.25. Originally built for MacMillan Bloedel and later leased to BC Tel. Now re-leased to BC Hydro for 7 years from December 1, 2008 to November 30, 2015 for \$23.50 per square foot (\$1,453,075.50 per annum) fully net. 2 five year renewal options. TI allowance of \$20 per square foot.

4. 915 - 917 Cliveden Avenue, Delta

A tilt-up concrete warehouse/office building constructed in 1989 as part of a two building complex on 16.17 acres. The other building is older constructed in 1957, is estimated to be 135,530 square feet in size and used by multiple tenants. The property is zoned I-2, heavy industrial. The newer building was purpose-built for a single distribution tenant and comprises a gross leasable area of 161,306, which includes 5,994 square feet of office. The warehouse has 18 dock height loading bays and 26' ceiling height. A railway spur runs to southwest corner of the newer building where there are four doors for rail loading. The lease on the newer building was renewed by Vanlink Transportation and Warehousing in April 2009 at a rate of \$5.95 per square foot on a five-year term.

5. 1127 Derwent Way, Delta

A 92,011 square foot warehouse/office (10,826 square feet or 11.8% office), 26' ceilings, 13 loading doors (one drive-in), leased from May 2011 for 10 years - \$5.50 per square foot net for 5 years, \$6 for 3 years, \$6.50 per square foot for 2 years.

6. 1425 to 1451 Derwent Way, Delta

This I-2 zoned, heavy industrial property includes two parcels totalling 12.29 acres located on the north side of Derwent Way, west of Fraserview Place. The property includes 256,414 square feet of warehouse space and 26,112 square feet of office space, providing a floor space ratio of approximately 0.53. There are 32 individual dock level doors on the southern side of the property, and the warehouse as a clear height of approximately 26 feet. A rail line runs along the properties western property line, but there is no rail spur. The property was leased to Unisource in December 2009 for 10 years. The rent is \$7.32 for the first three years, \$7.50 for the next three years, and \$8.30 for the final four years. This provides an average rent of \$7.77 over the 10-year term.

7. 1648 Derwent Way, Delta

A one storey tilt-up concrete warehouse/office development on a site of 2.41 acres, zoned I-2, gross building area of 56,412 square feet, total warehouse/mezzanine storage of 45,898 square feet, office of 10,514 square feet (18.6%), lease renewal for 5 years from September 1, 2010 at \$315,000 per annum net or \$5.58 per square foot.

8. 8521 198A Street, Langley

Expansion warehouse space of 65,000 square feet, lease from April 1, 2011 to March 31, 2031 at \$9.75 to \$12.98 per square foot. Total floor area after expansion will be 178,024 square feet and average rent will be \$14.92 per square foot (the office/pharmacy will be 26.9% of floor area).

9. 8521 198A Street, Langley

A one level warehouse plus a two level office, area of 113,024 square feet, leased to a single tenant on a net basis, term from November 23, 2005 to March 31, 2031 at rates of \$13.92 to \$19.33 per square foot. The office and pharmacy components are 42.4% of floor area. Average lease rate is \$16.99 per square foot.

Index No. 1 is located in the Discovery Park area of the City of Burnaby. A leasable area of 51,571 square feet was occupied by Telus for a ten year term from November 1, 2007. Lease rates for 34,624 square feet were within the range of \$17.50 to \$18.50 per square foot on a net basis.

Indices No. 2 and No. 3 are located on Glenlyon Parkway, in the Glenlyon Business Park area of the City of Burnaby. Index No. 2 is an office and research development facility that had a sale leaseback in place for a fifteen year term plus two five year options to renew. The lease from January 2010 was at \$18 per square foot for years 1 to 5 escalating to \$22 per square foot net for years 11 to 15. Index No. 3 is an office building of 61,833 square feet that was leased for a seven year term from December 1, 2008 at \$23.50 per square foot on a net basis.

Indices No. 4 to No. 8 relate primarily to conventional warehouse space located on Cliveden Avenue and Derwent Way in the Annacis Business Park in Delta. Lease rates tend to fluctuate depending upon the relative size of the space, the date of the lease agreement and the extent of interior buildout. Rates are within the range of \$5.50 to \$8.30 per square foot on a net basis.

Indices No. 8 and No. 9 relate to a single tenant facility located on 198A Street in the Township of Langley. Index No. 8 relates to an expansion warehouse component of 65,000 square feet, with lease rates of \$9.75 to \$12.98 per square foot net over the term. Average rent is \$11.32 per square foot. Index No. 9 is a one level warehouse plus a two level office component that also incorporates a

temperature controlled pharmacy component. Area of the space is 113,024 square feet, with the lease to a single tenant from November 23, 2005. Lease rates are within the range of \$13.92 to \$18.33 per square foot. The office and pharmacy components total 42.4% of the total floor area. The average lease rate over the term is \$16.99 per square foot net. Total floor area for the overall facility after construction of the expansion will be 178,024 square feet. Average rent over the term for the entire facility is \$14.92 per square foot.

In light of the evidence assembled and given the characteristics of the subject property the lease agreement in place is considered to be representative of a market situation.

The Colliers International Industrial Report for the second quarter of 2011 indicates that the overall Vancouver industrial market has remained strong. The overall vacancy rate for the area is 4.1%, a slight increase from the 4.0% evidence in the first quarter of 2011. Given the strength of covenant for the tenant, the incorporation of a vacancy and collection loss would not appear to be warranted. Nonetheless, we have adopted a vacancy rate of 2.0%, with the following income and expense profile is considered to have application for valuation purposes:

Gross Income:

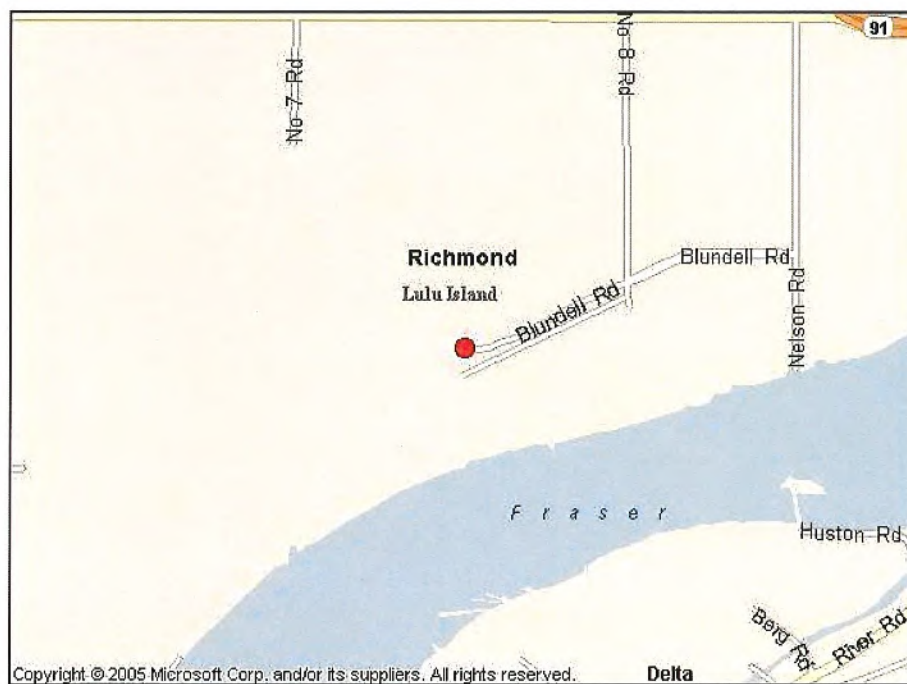
- 234,700± square feet leased @ \$3,354,002 per annum net (average over the first 10 years, \$14.29 per square foot)	\$3,354,002
Less: vacancy and collection loss @ 2.0%	<u>(67,080)</u>
Effective Gross Income	\$3,286,922

Expenses:

- fully net agreement, lessor responsible for structural repairs and maintenance plus non-recoverable items under the assumed vacancy and collection loss, total estimated	<u>(50,000)</u>
Net Income	\$3,236,922

The next step in the income technique is the application of an overall capitalization rate to the projected net income. The result is an indication of market value for the property. To this end we have surveyed a variety of locations in the Lower Mainland, with the following evidence assembled and collated:

Index No. 1 (Improved)



Index No. 1 (Improved)**Property Identification**

Address	16160 Blundell Road, Richmond, BC
Neighbourhood	Riverside
Legal Description	Lot 2, Section 23, Block 4 North, Range 5 West, Plan 74529
PID	007-793-499

Land Data

Lot Size	463,800 square feet or 10.647 acres
Zoning	I, Industrial
OCP Designation	Industrial

Building Data

Gross Building Area	234,753 square feet
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Sale Data

Date	Offer May 2010 (Closed August 2010)
Price	\$20,200,000
Vendor	Brunswick Property Holdings Ltd.
Purchaser	ICBC

Income

Potential Gross Income	\$1,913,813
Vacancy & Collections Loss	\$57,414
Effective Gross Income	\$1,856,399
Expenses	\$291,175
Net Operating Income	\$1,565,224

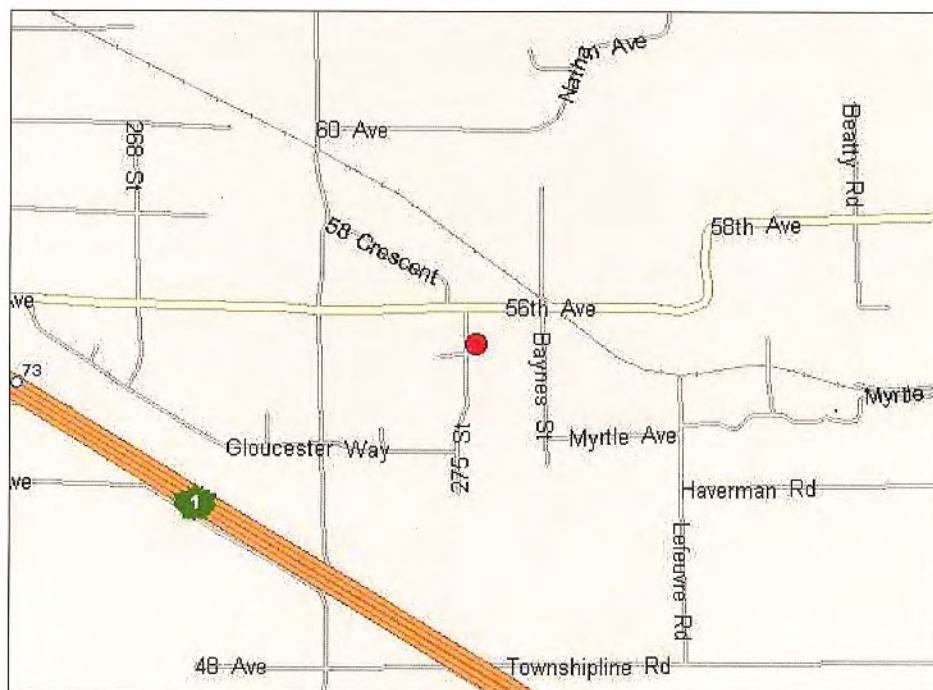
Remarks

Improvements comprise a two on-storey non-basement tilt-up concrete distribution warehouses; east building of 61,426 square feet (six dock doors, one drive-in door, six rail doors), west building of 173,327 square feet including second floor office of 1,484 square feet. There are 30 dock doors, two drive-in doors, 11 rail doors with a rail dock. Total area of 234,753 square feet, 247,130 square feet with the rail dock. Clear ceiling heights of 32 feet. Lease in place for 60 years from July 1, 2006; \$25,000 per acre for years 11 to 15 and \$35,000 per acre for years 16 to 20. Balance of the term requires lease renewal every 5 years. Sublease for 5 years at \$7.74 per square foot net and at least \$7.74 for years 6 to 10.

Indicators

Price/SF (Land)	\$43.55
Price/Acre (Land)	\$1,897,180
FSR (Actual)	0.510 (Improvements in Place)
Price/Gross Bldg Area	\$86.05
NOI/SF	\$6.67
Overall Capitalization Rate	7.75 %

Index No. 2 (Improved)



Index No. 2 (Improved)**Property Identification**

Address 5514 - 275th Street, Langley
 Neighbourhood Gloucester Industrial Estates
 Legal Description Lot 4, Section 5, Township 14, Part West 1/2, NWD Plan LMP26792
 PID 023-316-501

Land Data

Lot Size 21,954 square feet or 0.50 acres
 Zoning M-2, General Industrial
 Frontage 111 ft along 275th Street

Building Data

Gross Building Area 14,200 square feet
 Area 14,200 square feet

Sale Data

Date Under Contract June 2010
 Price \$1,725,000
 Vendor Gloucester Investments Ltd.

Income

Potential Gross Income	\$95,000	Reported
Vacancy & Collections Loss	<u>\$2,850</u>	@ 3%
Effective Gross Income	\$92,150	
Operating Expense	<u>\$1,382</u>	@ 1.5%
Net Operating Income	<u>\$90,768</u>	Adjusted

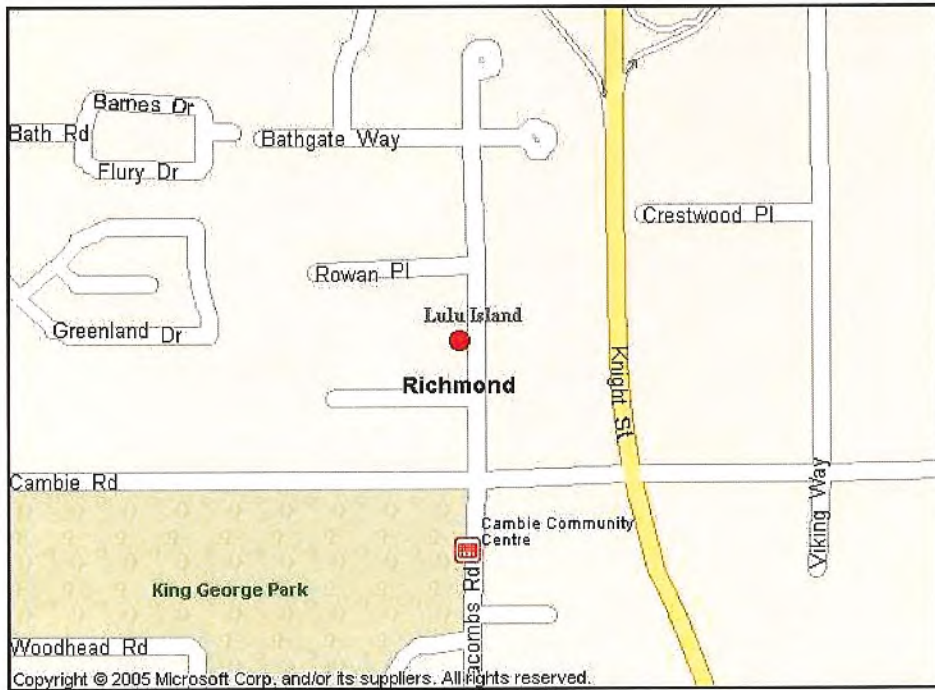
Remarks

An industrial warehouse and office building leased to Bavara Auto Haus, a collision remanufacturing and refinishing company, for 10 years commencing May 1, 2010. The property is located on the east side of 275th Street, south of 56th Avenue. The ground floor measures 10,500 square feet, including 1,700 square feet of ground floor office, and a steel/concrete mezzanine measures 3,700 square feet.

Indicators

FSR (Actual)	0.65
FSR (Based on)	0.65
Price/Gross Bldg Area	\$121.48
Price/ Area	\$121.48
NOI/SF	\$6.39
Overall Capitalization Rate	5.3 %

Index No. 3 (Improved)



Index No. 3 (Improved)**Property Identification**

Address 3851 Jacombs Road, Richmond
 Legal Description Strata Lots 1 to 11, Section 30, Block 5 North, Range 5 West, New Westminster District, Strata Plan NW2856 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on form 1.
 PID 012-171-328/484

Land Data

Lot Size 69,914 square feet or 1.61 acres
 Zoning IB-1,
 Frontage 279 ft along Jacombs Road

Building Data

Area 24,648 square feet
 Year Built 1988

Sale Data

Date (Closed) September 2010
 Price \$3,700,000
 Sales History Sold October 1988 for \$1,400,000

Income

Potential Gross Income	\$223,716
Vacancy & Collections Loss	<u>\$6,711</u>
Effective Gross Income	\$217,005
Operating Expense	<u>\$3,500</u>
Net Operating Income	<u>\$213,505</u>

Remarks

Building A of a two building strata development, 22 years old, tilt-up concrete, main floor area of 15,974 square feet (15,928 square feet excluding the electrical room), mezzanine of 8,544 square feet, area of 24,658 as per the tenant schedule, 11 strata units.

Indicators

FSR (Based on)	0.35
Price/ Area	\$150.11
NOI/SF	\$8.66
Overall Capitalization Rate	5.8 %

Index No. 4 (Improved)



Index No. 4(Improved)**Property Identification**

Address 7925/35 128th Street; 8116 130th Street; 8145 130th Street, Surrey
 Legal Description Lots 26 and 27, Plan 52151, Lot 27, Plan 56938 and Parcel A, Plan 62749, all of
 Section 29, Township 2
 PID 005-005-213, 005-005-191, 007-683-961, 003-154-513

Land Data

Lot Size 397,311 square feet or 9.12 acres
 Zoning IL, Light Impact Industrial

Building Data

Gross Building Area 186,277 square feet

Sale Data

Date (Closed) September 2010
 Price \$19,527,190
 Vendor Park Lane Ventures (1986) LP
 Purchaser Redstone Enterprises Ltd.
 Sales History 7925/35 128th Street: Sold - May 1994 (closed) for \$835,000, Sold - November
 1981 (Closed) for \$314,000
 8116 130th Street: Sold - July 1989 (Closed) for \$264,000, Sold - August 1982
 (Closed) for \$290,000

Income

Net Operating Income	<u>\$1,297,700 (Actual)</u>
Net Operating Income	<u>\$1,312,400 (Stabilized)</u>

Remarks

G&P Warehouses at 7925 and 7935 128th Street comprise two concrete buildings of 21,360 square feet (0.52 FSR), North Newton East Warehouses is a two building development of 42,145 square feet (0.37 FSR), North Newton Warehouses comprise three buildings of 122,722 square feet (0.51 FSR). Total area for the three property portfolio is 186,277 square feet (0.47 FSR). Actual income totaled \$1,297,700 (actual vacancy and 1.0% allowance for structural expenses). The stabilized rent was \$1,312,400, based on a 3.0% vacancy and 1.0% for structural expenses.

Indicators

FSR (Actual)	0.47
Price/Gross Bldg Area	\$104.83
Overall Capitalization Rate	6.65 % (actual income), 6.7% (stabilized income)

Index No. 5(Improved)



Index No. 5(Improved)**Property Identification**

Address 1500 Derwent Way, Delta
 Legal Description Lot 283, District Lot Lot 351, Group 1, Plan 79661
 PID 012-614-823

Land Data

Lot Size 3.378 acres or 147,146 square feet
 Zoning I-2, Industrial

Building Data

Gross Building Area 79,049 square feet

Sale Data

Date (Closed) September 2010
 Price \$8,075,000
 Sales History Sold – August 1995 (Closed) for \$3,885,000, Sold – December 1991 (Closed) for \$1,098,000, Sold – March 1989 (Closed) for \$1,418,760

Income

Potential Gross Income	\$484,295
Vacancy & Collections Loss	<u>\$14,529</u>
Effective Gross Income	\$469,766
Operating Expense	<u>\$7,000</u>
Net Operating Income	\$462,766

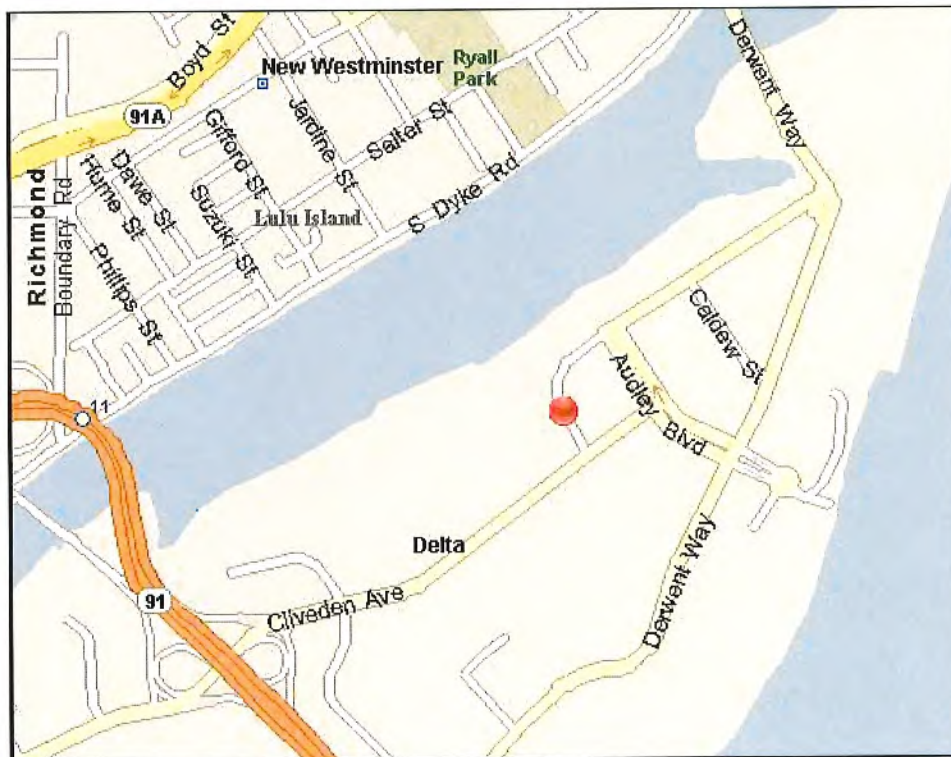
Remarks

A one storey non-basement tilt-up concrete warehouse/office development of 79,049 square feet, office area of 7,500 square feet and warehouse of 71,549 square feet, dock height and grade level loading, 26' clear ceiling height.

Indicators

FSR (Actual)	0.54
Price/SF Bldg	\$102
Overall Capitalization Rate	5.7%

Index No. 6(Improved)



Index No. 6(Improved)

Property Identification

Address 867/71 Belgrave Way, Delta
 Legal Description Lot 144, District Lot 351, Group 1, New Westminster District, Plan 58191
 PID 005-655-048

Land Data

Lot Size 5.940 acres or 215,746 square feet
 Zoning I-2, Industrial

Building Data

Gross Building Area 99,600 square feet

Sale Data

Date (Closed) September 2010
 Price \$8,650,000

Income

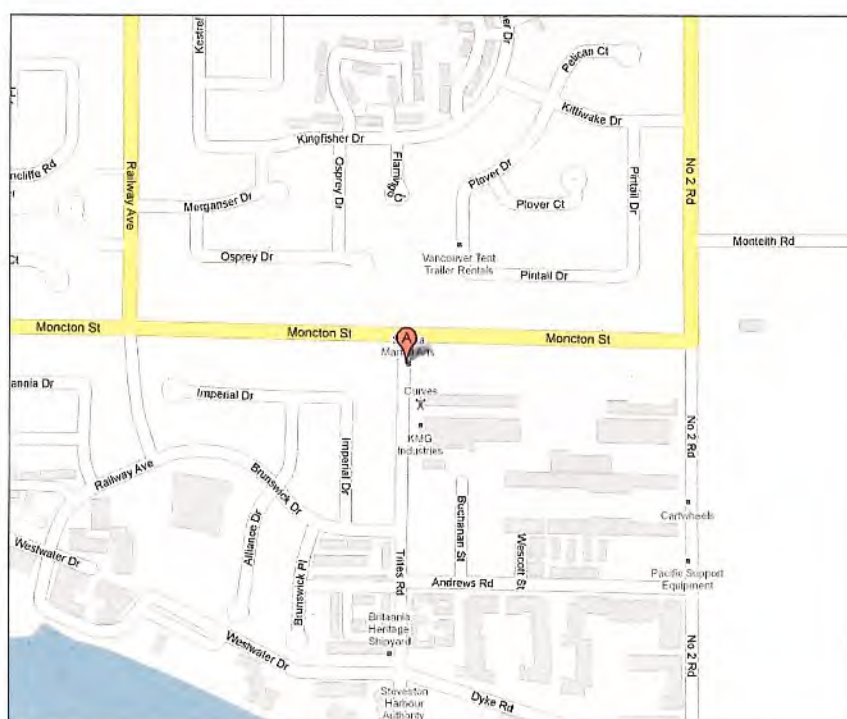
Potential Gross Income	\$560,250
Vacancy & Collections Loss	<u>\$16,808</u>
Effective Gross Income	\$543,442
Operating Expense	<u>\$8,000</u>
Net Operating Income	\$535,442

Remarks

A one storey tilt-up concrete warehouse/office development of 99,600 square feet, 23 years old, roof replaced in 2009, main floor area of 96,600 square feet (37.3% site coverage), 3,000 square feet of mezzanine office, leased to two tenants at \$560,250 per annum net, 3% vacancy and collection is \$16,808, non-recoverable expenses at \$8,000, net income at \$535,442.

Indicators

FSR (Actual)	0.46
Price/SF Bldg	\$87
Overall Capitalization Rate	6.2%



Index No. 7 (Improved)**Property Identification**

Address 12280 to 12320 Trites Road, Richmond
 Legal Description Strata Lots 1 to 26 inclusive, Section 12, Block 3 North, Range 7 West, New Westminster District, Strata Plan LMS1103 together with an interest in the common property in proportion to the unit entitlement of the strata lot as shown on Form 1.
 PID 018-493-378, 018-493-408, 018-493-424, 018-493-459, 018-493-483, 018-493-521, 018-493-548, 018-493-572, 018-493-602, 018-493-637, 018-493-661, 018-493-688, 018-493-696, 018-493-700, 018-493-718, 018-493-726, 018-493-734, 018-493-793, 018-493-807, 018-493-815, 018-493-823, 018-493-831, 018-493-840, 018-493-858, 018-493-866, 018-493-874

Land Data

Lot Size 3.147 acres or 137,072 square feet
 Zoning IL, Light Industrial

Building Data

Gross Building Area 70,419.7 square feet

Sale Data

Date Offer September 2010
 Price \$7,750,000

Income

Potential Gross Income	\$517,125
Vacancy & Collections Loss	\$15,514
Effective Gross Income	\$501,611
Operating Expense	\$7,500
Net Operating Income	\$494,111

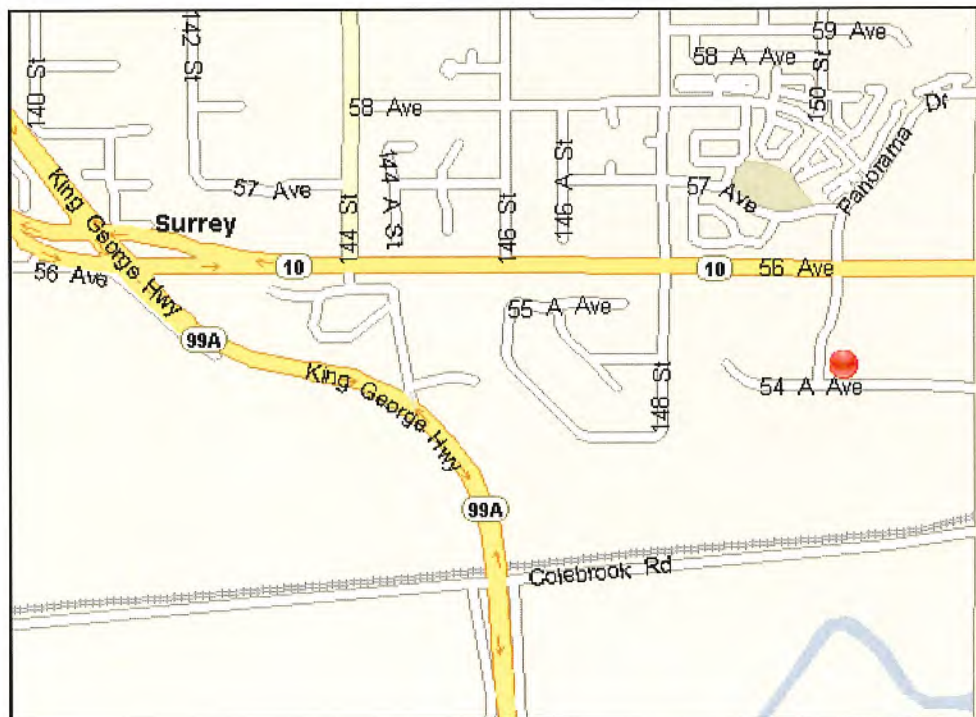
Remarks

Two one storey non-basement concrete block industrial buildings subdivided into 26 strata title units, total area of 70,419.7 including 3,003 square feet of mezzanine space. Existing revenue of \$459,237, with 8,244.77 square feet vacant (11.7%).

Indicators

FSR (Actual) 0.51
 Price/SF Bldg \$110
 Overall Capitalization Rate 6.4% (5.9% on the existing income)

Index No. 8 (Improved)



Index No. 8 (Improved)**Property Identification**

Address 15055 54A Avenue, Surrey
 Legal Description Lot B, Section 3, Township 2 and District Lot 167, Group 2, New Westminster
 District, Plan BCP19213
 PID 026-388-715

Land Data

Lot Size 4.700 acres or 204,732± square feet
 Zoning IB, Business Park

Building Data

Gross Building Area 90,711± square feet

Sale Data

Date Closed February 2011
 Price \$10,500,000 (based on a December 2010 offer)

Remarks

A 6 year old office/warehouse development, tilt-up concrete construction, gross floor area of 90,711± square feet. The main building has 11,864 square feet of office on two levels plus 31,432 square feet of warehouse. There are three storage buildings of 5,569, 20,538 and 21,308 square feet. Clear height of 28 feet for the main building and 20 to 25 feet for the others. Sale/leaseback for 10 years from February 2011 – years 1 to 5 at \$8.30 and years 6 to 10 at \$9.30 per square foot fully net.

Indicators

FSR (Actual) 0.44
 Price/SF Bldg \$116
 Overall Capitalization Rate 6.85% (based on year 1 to 5 income)

Index No. 9 (Improved)**Property Identification**

Address	19150 96 th Avenue, Surrey
Legal Description	Parcel A Except Part dedicated as Road on Plan LMP 44216, Section 33, Township 8, New Westminster District, Plan 56186
PID	002-134-225

Land Data

Lot Size	2.002 acres
Zoning	CD, Comprehensive Development

Building Data

Gross Building Area	14,200± square feet
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Sale Data

Date	Closed February 2011
Price	\$3,450,000

Remarks

A one storey non-basement warehouse/office/shop facility with an upper level office component, total floor area of 14,200 square feet (4,000 square feet for the second floor), fully leased to Drive Products International at \$198,000 per annum net to May 2011 and \$222,656 per annum net from June 2011. Allowing a 3.0% vacancy and non-recoverable expenses at \$3,500 the net income is \$212,476.

Indicators

FSR (Actual)	0.16
Price/SF Bldg	\$243
Overall Capitalization Rate	6.2%

Index No. 10



Index No. 10

Property Identification

Address 2200 to 2400 Vauxhall Place, Richmond
 Neighbourhood Bridgeport
 Legal Description Strata Lots 1 to 12, Section 19, Block 5 North, Range 5 West, New Westminster District, Strata Plan NW1851 together with an interest in the common property in proportion to the unit entitlement of the Strata Lot as shown on Form 1.
 PID 001-565-923 (Strata Lot 12)

Land Data

Lot Size 89,951± square feet or 2.065 acres
 Zoning IL, Light Industrial District.

Building Data

Rentable Area 43,529± square feet
 Year Built 1982

Sale Data

Date Offer March 2011
 Price \$6,325,000
 Sales History Sold – December 2006 (closed) for \$4,081,794

Income

Potential Gross Income	\$393,314
Vacancy & Collections Loss	<u>\$11,799</u>
Effective Gross Income	\$381,515
Operating Expense	<u>\$6,000</u>
Net Operating Income	<u>\$375,515</u>

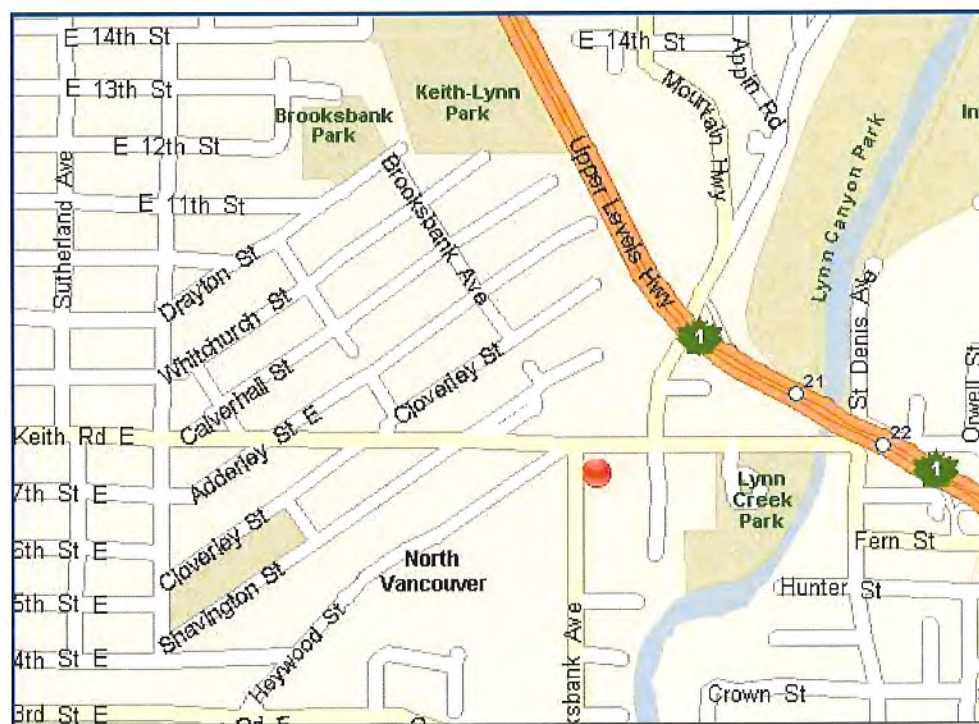
Remarks

A 28 year old two building warehouse development, 12 strata units with a leased area of 43,529± square feet, paved and landscaped yard area, dock loading, fully leased at \$393,314 per annum net, allowing 3% for vacancy and \$6,000 in non-recoverable expenses, the net income is \$375,515. The offer was reduced to \$6,000,000 in April 2011 as two tenants are to move, a vacancy of 35% could result.

Indicators

FSR (Based on Rentable)	0.48
Rate/SqFt of Bldg	\$144
Overall Capitalization Rate	5.94%

Index No. 11



Index No. 11

Property Identification

Address 1225 East Keith Avenue, North Vancouver
 Legal Description Lot 6, Except Portions in Plans 22282 and 22694, Block F, District Lot 272, Plan 22257
 PID 013-965-816

Land Data

Lot Size 172,097± square feet or 3.950 acres
 Zoning CD-168, Comprehensive Development 168 Zone

Building Data

Rentable Area 78,838 square feet
 Year Built 1976

Sale Data

Date Offer April 2011
 Price \$16,320,000

Income

Potential Gross Income	\$1,101,403
Vacancy & Collections Loss	\$33,042
Effective Gross Income	\$1,068,361
Operating Expense	\$15,000
Net Operating Income	\$1,053,361

Remarks

A 35 year old one-storey concrete block warehouse/office development with a partial basement and mezzanine office space, total area of 78,838 square feet. Located on the south east corner at Brooksbank Avenue. Property not listed, unsolicited offer.

Indicators

FSR (Based on Rentable)	0.46
Rate/SqFt of Bldg	\$207
Overall Capitalization Rate	6.45%

The evidence has been summarized as follows:

No.	Date	Price(\$)	Bldg-SqFt	FSR	Overall Rate (%)	Rate/SqFt Bldg (\$)
1	05/10	20,200,000	234,753	0.51	7.8	86
2	06/10	1,725,000	14,200	0.65	5.3	121
3	09/10	3,700,000	24,648	0.35	5.8	150
4	09/10	19,527,190	186,277	0.47	6.7	105
5	09/10	8,075,000	79,049	0.54	5.7	102
6	09/10	8,650,000	99,600	0.46	6.2	87
7	09/10	7,750,000	70,420	0.51	6.4	110
8	02/11	10,500,000	90,711	0.44	6.9	116
9	02/11	3,450,000	14,200	0.16	6.2	243
10	03/11	6,325,000	43,529	0.48	5.9	144
11	04/11	16,320,000	78,838	0.46	6.5	207

Overall capitalization rates for the evidence presented extend from 5.3% for Index No. 2 to 7.8% for Index No. 1. With the exception of Index No. 1 all of the transactions relate to properties that have fee simple covenants. Index No. 1 is a leasehold property situated on Blundell Road in the Fraser Lands area of the City of Richmond. The facility is more conventional in design, having a similar floor area to the subject. Floor space ratio is also similar at 0.51. The land lease in place was for a sixty-year term from July 1, 2006 but was not prepaid.

Clearly, the most representative evidence for the subject is considered to be provided by Index No. 1, pointing to an overall capitalization rate in the order of 7.8%. Index No. 1 is considered to have a superior overall industrial location but the improvements are less substantial than the subject. They are, however, more conventional, relating to a substantial warehouse facility that has a relatively nominal amount of office accommodation.

Given the limited evidence available relating specifically to the subject property and in light of the characteristics of the development and the lease in place, an appropriate overall rate is considered to be at the upper end of the range or 7.75%. Value would therefore be equal to:

$$\begin{aligned}
 \text{Value} &= \frac{\text{Net Income}}{\text{Overall Capitalization Rate}} \\
 &= \frac{\$3,236,922}{0.0775} \\
 &= \$41,776,735 \\
 \text{Rounded to} &\quad \quad \quad \mathbf{\$41,775,000}
 \end{aligned}$$

Direct Comparison Approach

For our direct comparison or market approach to value we have relied upon the foregoing improved indices, displaying building rates within the range of \$86 per square foot for Index No. 1 to \$243 per square foot for Index No. 9. Index No. 1 is considered to be the lower end of the range given the leasehold characteristics and the more conventional industrial improvements. Indices No. 9 and No. 11 are representative of the upper limit for the subject, the former due to relative floor space ratio at 0.16 and the latter due to relative location and improvement characteristics.

Given the somewhat unique characteristics of the subject development, combined with floor space ratio at 0.54 and the magnitude of the improvements at 234,700 square feet, an appropriate unit rate is considered to be \$175 per square foot of gross floor area. Value would therefore be equal to:

$$\begin{aligned}
 \$175 \text{ per square foot} \times 234,700 \pm \text{ square feet} &= \$41,072,500 \\
 \text{Rounded to} &\quad \quad \quad \mathbf{\$41,075,000}
 \end{aligned}$$

Summary and Conclusion

The two approaches to value employed in this report have resulted in the following estimates:

Income Approach	\$41,775,000
Direct Comparison Approach	\$41,075,000

The two figures are similar in magnitude, with a difference of \$700,000 or 1.7%. Largely equal weight has been placed on the two techniques for the final value estimate.

Based on our analysis of the subject property we are led to conclude that the market value of 4300 80th Street, as at August 26, 2011 was:

FORTY ONE MILLION FOUR HUNDRED THOUSAND DOLLARS

\$41,400,000

Exposure Time

Exposure time is the time a property remains on the market. In an appraisal, the term means the estimated length of time an owner would likely need to market the appraised property interest before the hypothetical consummation of a sale at market value on the effective date of the appraisal. An opinion of exposure time is a retrospective estimate that has its basis in an analysis of past events assuming a competitive and open market.

The exposure period occurs immediately before the effective date of the appraisal. The concept of reasonable exposure time encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort. Exposure time is different for various types of real estate and value ranges and under various market conditions.

In our view, the subject property ought to trade within a time typical for its market. This exposure time was typically up to six months for properties such as the subject. This time estimate assumes no known or suspected defects, reasonable pricing and professionally marketing. It does not include the time for normal due diligence, nor the closing time after an agreement in principle.

CERTIFICATION**Re: 4300 80th Street, Delta, British Columbia**

We hereby certify that, except as otherwise noted in the preceding analysis, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest or bias in the subject property and no personal interest or bias with respect to the parties involved
- Neither our employment nor our compensation is contingent upon developing or reporting predetermined results, the amount of the value estimate, or a conclusion favouring the client.
- Our analyses, opinions and conclusions were developed and this report has been prepared in conformity with the Canadian Uniform Standards.
- We have the knowledge and experience to complete this assignment competently.
- As of the date of this report, the undersigned has fulfilled the requirements of the Appraisal Institute of Canada Mandatory Recertification Program for designated members.
- We were not provided with significant professional assistance.
- The undersigned personally inspected the subject property on August 26, 2011
- Based upon the data, analyses and conclusions contained herein, we estimate the market value of the interest in the property described, as at August 26, 2011 at:

FORTY ONE MILLION FOUR HUNDRED THOUSAND DOLLARS
\$41,400,000



J. Richard Young, B.Comm., R.U.(BC), AACI, P.App
GROVER, ELLIOTT & CO. LTD.
September 1, 2011

ASSUMPTIONS AND LIMITING CONDITIONS
Re: 4300 80th Street, Delta, British Columbia

Appendix 1

The only party who may rely on the opinions expressed in this report is the client, even where the report is for financing purposes. Where the client is a lender, its borrower and the loan insurer may also rely on this report. This report assumes that only the addressee will rely upon it, and only for the intended use stated herein. No one else may rely on this report without the written consent of the appraiser, which we may not provide retroactively. We expressly deny any legal liability for unauthorized reliance and for any other use.

When preparing an appraisal for lending purposes, appraisers do not investigate if the prospective loan and applicant satisfy prudent loan underwriting criteria. Correspondingly, we assume no responsibility for loans made where the borrower lacks the ability or motivation to repay the loan, or where the lender has not followed prudent lending practices. When we authorize a lender to rely on this report, we grant such authorization subject to the lender completing a thorough due diligence investigation, which reasonably concludes that the borrower has the intention and capacity to repay the loan.

The basis of the opinions and estimates herein is information gathered from various sources considered reliable and believed to be correct.

We assume no responsibility for factors relating to the legal description, state of title or for unapparent conditions of the property not brought to our attention that might affect value.

We have included plans and sketches for visual reference only. We cannot assume responsibility for the accuracy of such illustrations where the basis was third party sources.

The client or identified third parties provided figures in this report relating to land and floor areas unless stated otherwise. Incorrect land and floor areas could render our analysis and conclusions invalid.

The economic conditions and outlook current at the date of valuation form the basis of our opinions and conclusion of value. Because market conditions, including economic, social and political factors change rapidly, and, on occasion, without warning, it could be misleading to rely on the market value estimate expressed herein as of any other date except with the further advice from the appraiser, for which advice we will accept no responsibility unless made formally and confirmed in writing.

We undertook no investigation with the local zoning office, the fire department, the building inspector, the health department or any other government regulatory agency except as expressly described in this report. The subject property must comply with such government regulations. Any noncompliance may affect market value. Confirming compliance could require further investigations.

We were not provided with studies of hazardous materials or contaminated land, and we were not authorized to commission such studies. We therefore offer no opinion with respect to the status of the lands or soils. We assume no responsibility for any such conditions or for any specialized expertise or engineering knowledge required to discover, remove or eliminate them. We recommend retaining an expert in this field if doubt exists about the quality of the soils or groundwater.

- 2 -

The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or the conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental condition, past, present or future, that might affect the market value of the property appraised. If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We expressly deny any legal liability relating to the effect of environmental issues on the market value of the property appraised.

Except as this report specifically notes otherwise, our conclusions presume that the appraised property is free and clear of all liens or encumbrances except normal mortgage financing. Our valuation excludes the cost to retire the mortgage obligation.

Our report presumes that adequate fire, peril and liability insurance are available to cover any reasonable use of the property, at costs and terms that have been typical over the years.

The liability of Grover, Elliott & Co. Ltd. for a claim related to professional service provided pursuant to this service in either contract negligent misrepresentation or tort, including the owner's, officers, employees or subcontractors of the firm is limited to the extent that such liability is covered by the Appraisal Institute of Canada's errors and omissions insurance in effect from time to time, which is available to indemnify the company and its appraisers at the time the claim is made and not more than two years after the services are rendered.

No one should rely on this report in any context other than that in which we present it. Use in excerpted or partial form could mislead.

Possession of this report, or a copy of it, does not carry the right to reproduction or publication, in full or in part. No one other than the identified intended user can use this report for its stated purpose. No one can use this report for any other purpose without our written consent. Exceptions exist for due process of law and for confidential review by the Appraisal Institutes of Canada and the United States.

Attendance at any legal proceedings with respect to this report, and any fees and expenses for preparation and attendance requires our prior agreement. However, neither this nor any other limiting condition is an attempt to limit the use that a judicial body might make of this report should it properly become evidence in duly constituted proceedings. In such a case, the judicial body will decide the use of the report that best serves the administration of justice.

This report is valid only if it bears the original signature of the author.

We cannot monitor changes to our reports once they leave our office, nor can we prevent changes, additions or deletions in copies of our reports. We recommend that people intending to rely on our report do so only after reading an original copy in its entirety. With the prior consent of our client, we will provide an original of this report.

- 3 -

Grover, Elliott & Co. Ltd. reserves all copyrights to any written reports that arise from this assignment. Possession of this report, or a copy of it, does not carry the right to reproduction or publication, in full or in part. No one other than the identified intended use can use this report for its stated purpose. No one can use this report for any other purpose without our written consent. Exceptions exist for due process of law and for confidential review by the professional organizations to which the author(s) belong.



LOCATION MAP

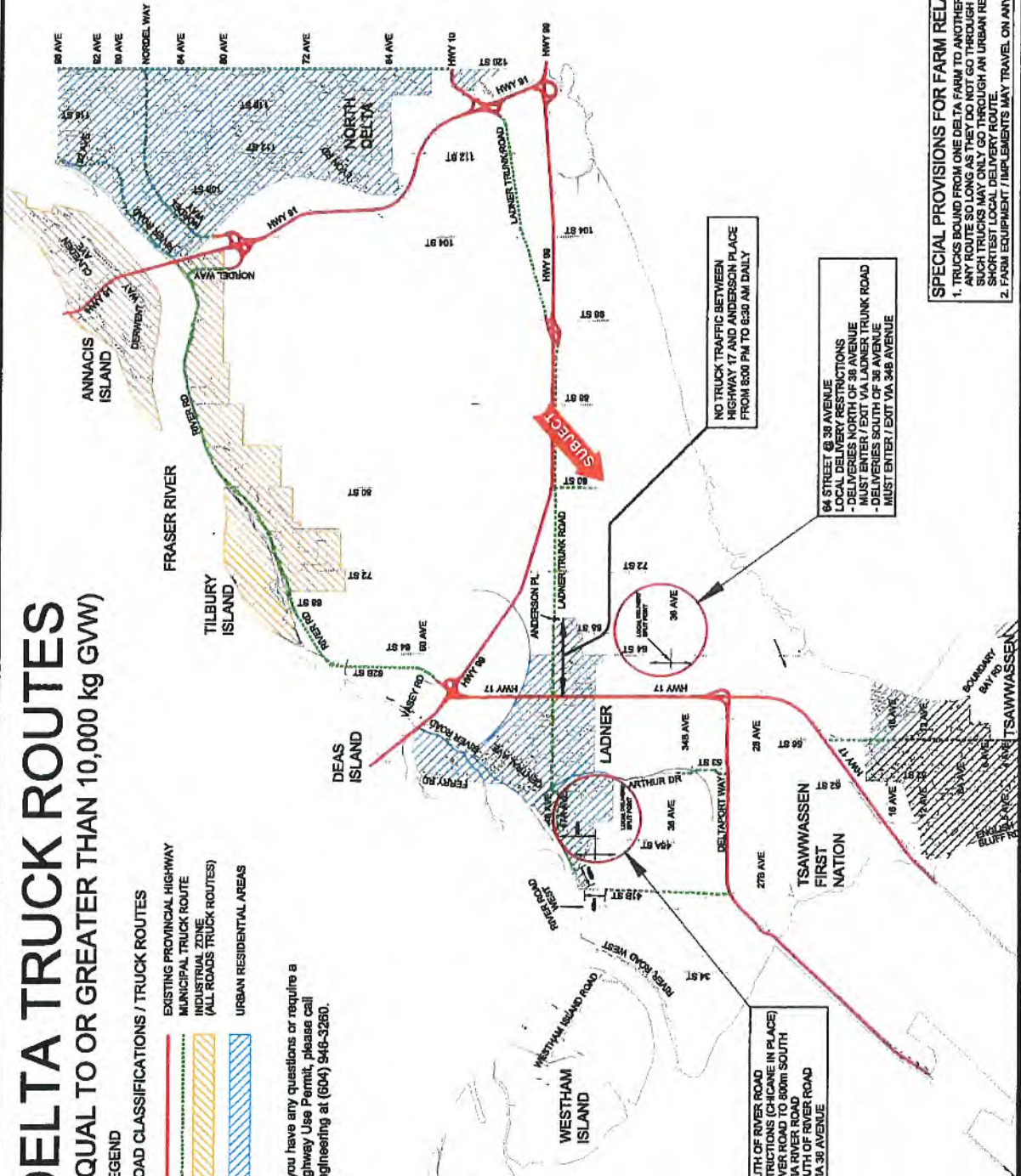
DELTA TRUCK ROUTES (EQUAL TO OR GREATER THAN 10,000 kg GVW)

- LEGEND**
- ROAD CLASSIFICATIONS / TRUCK ROUTES
 - EXISTING PROVINCIAL HIGHWAY
 - MUNICIPAL TRUCK ROUTE
 - INDUSTRIAL ZONE (ALL ROADS TRUCK ROUTES)
 - URBAN RESIDENTIAL AREAS

If you have any questions or require a Highway Use Permit, please call Engineering at (604) 946-3260.



SCALE = 1:75000



NO TRUCK TRAFFIC BETWEEN HIGHWAY 17 AND ANDERSON PLACE FROM 8:00 PM TO 6:30 AM DAILY

64 STREET @ 38 AVENUE
LOCAL DELIVERY RESTRICTIONS
- DELIVERIES NORTH OF 38 AVENUE
MUST ENTER / EXIT VIA LADNER TRUNK ROAD
- DELIVERIES SOUTH OF 38 AVENUE
MUST ENTER / EXIT VIA 346 AVENUE

48A STREET, 800m SOUTH OF RIVER ROAD
LOCAL DELIVERY RESTRICTIONS (CHICANE IN PLACE)
- DELIVERIES FROM RIVER ROAD TO 800m SOUTH
MUST ENTER / EXIT VIA RIVER ROAD
- DELIVERIES 800m SOUTH OF RIVER ROAD
MUST ENTER / EXIT VIA 32 AVENUE

- SPECIAL PROVISIONS FOR FARM RELATED TRAFFIC**
1. TRUCKS BOUND FROM ONE DELTA FARM TO ANOTHER DELTA FARM MAY TRAVEL BY HIGHWAY 17 AND ANDERSON PLACE THROUGH AN URBAN RESIDENTIAL AREA IF IT IS THE SHORTEST LOCAL DELIVERY ROUTE.
 2. FARM EQUIPMENT / IMPLEMENTS MAY TRAVEL ON ANY ROAD WITHOUT RESTRICTION.

PART VIII: I8

I8 ZONE: AIRPORT TERMINAL

Amend.
BL 3670, 1983
Amend.
BL 6723, 2009

881

Permitted Uses:

Subject to the regulations of Part IV, Sections 800 and 883, the following uses and no other uses shall be permitted in the I8 Zone:

Airport terminal

Offices and services customarily associated with airport and for airport uses

Sales, rental and maintenance services for aircraft and related equipment

Storage and service of aircraft and vehicles, including fuel and related facilities

Manufacture, assembly and service of aeronautical components and related equipment

Aviation training and trade schools

Scientific, electronic, technological research and related manufacturing facilities.

In addition to these uses, the following additional uses are permitted only in the area of land as shown in Schedule L:

Warehousing, wholesaling and distribution, including incidental retail sales, provided the retail sales area is not more than 20 percent of the principal use area

"Office Operation", including financial institutions

Eating and drinking establishments

Scientific, research and testing laboratories, excluding nuclear reactors

Trade schools

Amend.
BL 3844, 1984

Permitted Accessory Uses:

Any building or use customarily accessory to a "Permitted Use" shall be permitted subject to the setback requirements of Section 882.

A residence of a Watchman who is essential to the operation of a "Permitted Use" shall be permitted.

Amend.
BL 4395, 1990
Amend BL
6463, 2006

882

Setback Regulations:**Minimum Setback****Principal and Accessory Uses**

Front

7.5 metres

Rear

1.5 metres See (1)*

Side

See (2)*

Side on a Flanking Street

4.5 metres

1)* All buildings and structures backing an adjoining side yard shall have a rear yard setback of not less than 3.5 metres.

2)* Where no access by a Highway to the rear of the 'Lot' exists, one minimum 7.5 metres side setback will be required. In the case where a paved roadway at least 9.0 metre s wide provides vehicular access to the rear of the 'Lot', no minimum side setback shall be required.

Amend.
BL 4395, 1990

Maximum 'Height'

16.0 metres See (1)*

1) Notwithstanding the 'height' restrictions in this Zone, 'height' of buildings and structures is also subject to the provisions of the Aerodrome Standards and Recommended Practices,

PART VIII: 18

Volume 1, Aeroplane Facilities, TP 312E, as amended from time to time and as administered by Transport Canada. Building proposals within this Zone must comply with the Aerodrome Standards and Recommended Practices, Volume 1, Aeroplane Facilities, TP 312E.

- 2) To the extent that the maximum 'height' permitted by the Aerodrome Standards and Recommended Practices, Volume 1, Aeroplane Facilities, TP 312E is less than that permitted above, the Aerodrome Standards and Recommended Practices, Volume 1, Aeroplane Facilities, TP 312E shall prevail. To the extent that the Aerodrome Standards and Recommended Practices, Volume 1, Aeroplane Facilities, TP 312E permit buildings and structures to exceed the maximum 'height' specified above, the Aerodrome Standards and Recommended Practices, Volume 1, Aeroplane Facilities, TP 312E shall prevail with respect to control towers or other structures in this Zone required for airplane navigation or safety, but the maximum 'height' regulation set out above shall apply to all other buildings and structures in this Zone.

883 Other Regulations:

1. Off-Street Loading:

Off-street loading spaces shall be required as per Part IV, Sections 409 and 411, and as per Part IX, Section 902.

2. Off-Street Parking:

Off-street parking spaces shall be required as per Part IX.

3. Landscaping:

Landscaping shall be required as per Section 805.

4. Garbage or Other Waste:

Garbage and other wastes edible to birds shall not be stored or left open to attract birds or other animals hazardous to aircraft safety.

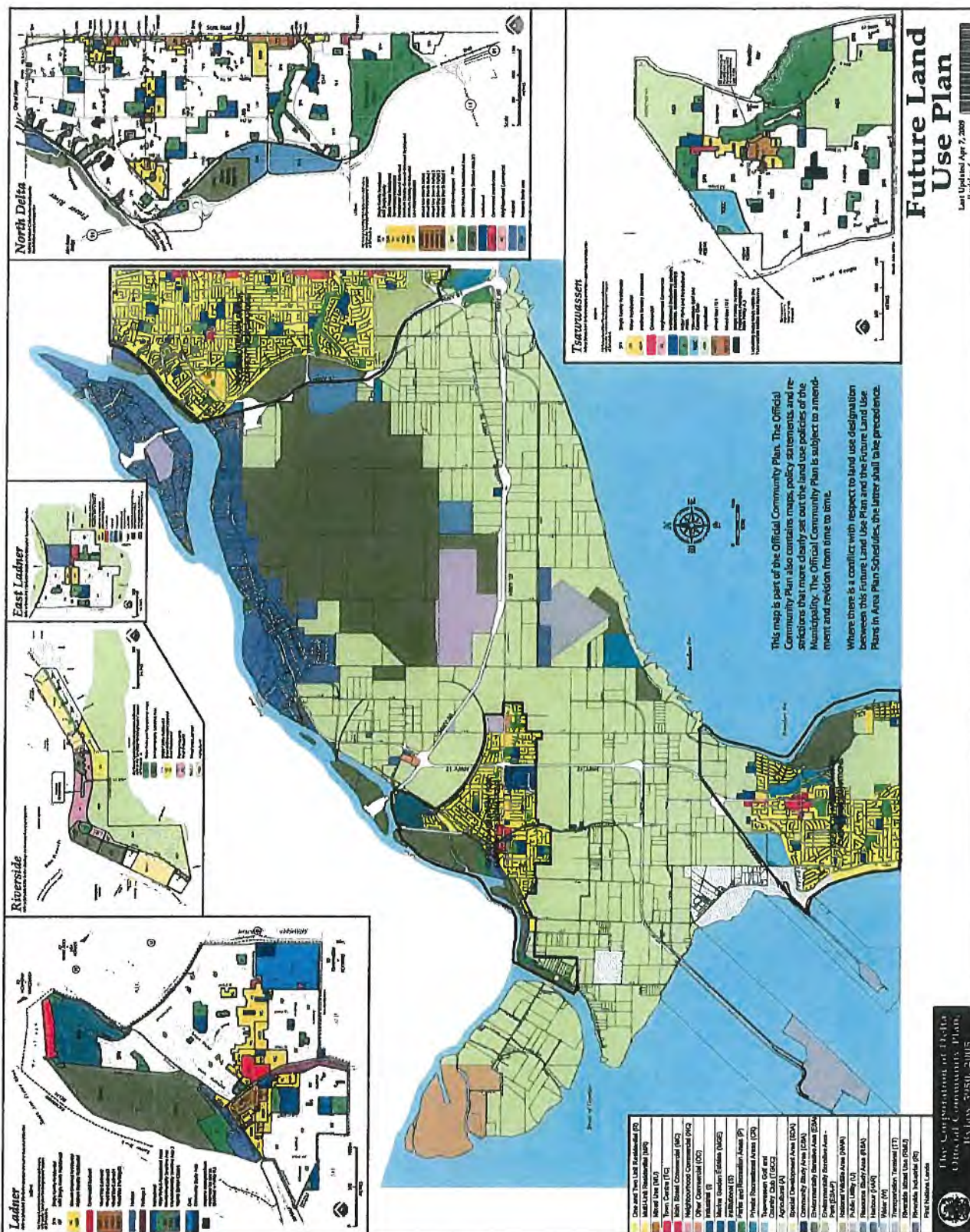
5. Sound Control:

Notwithstanding the provisions contained in Section 800, flying and landing of aircraft shall be permitted.

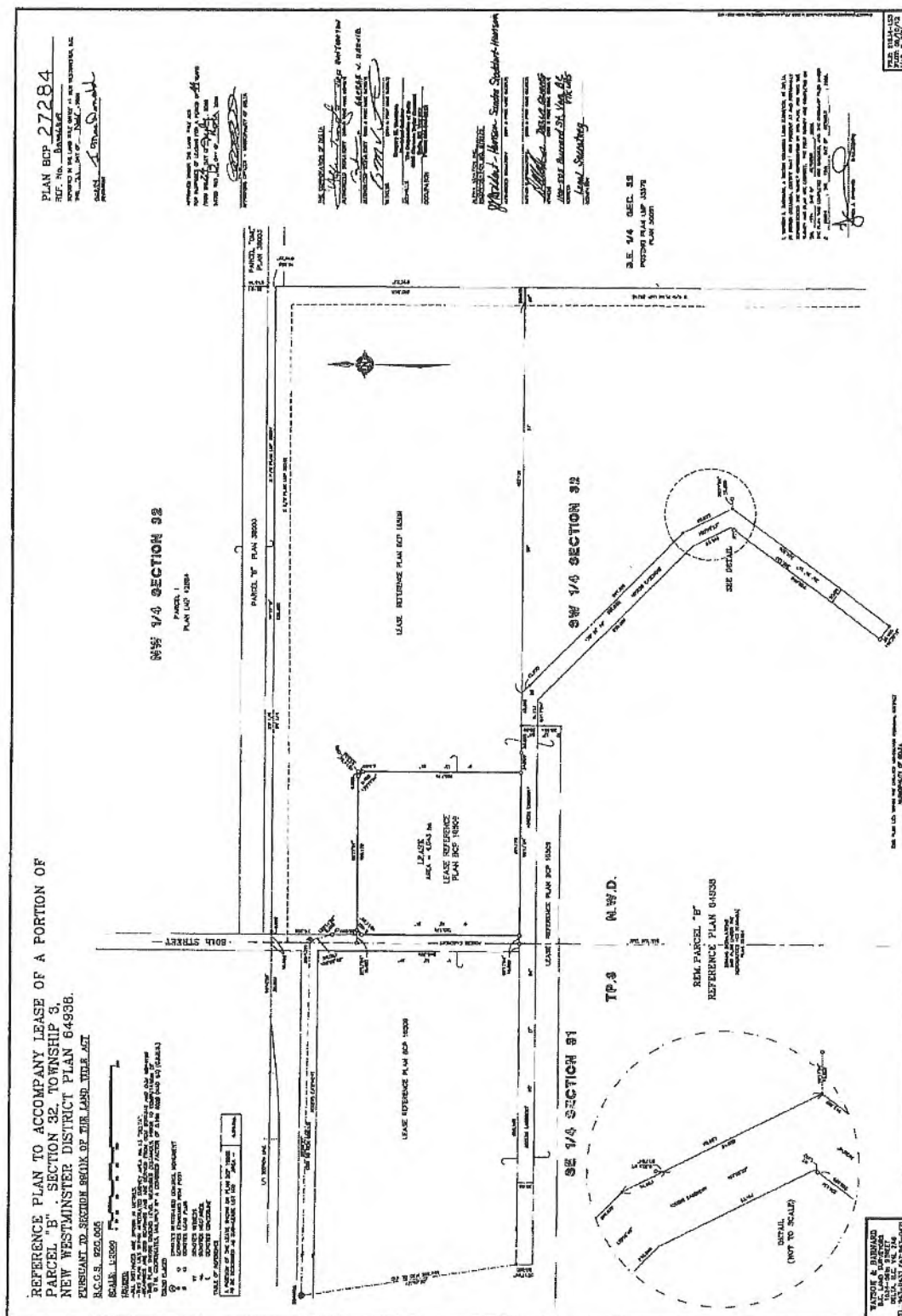
Amend.
BL 4691, 1990

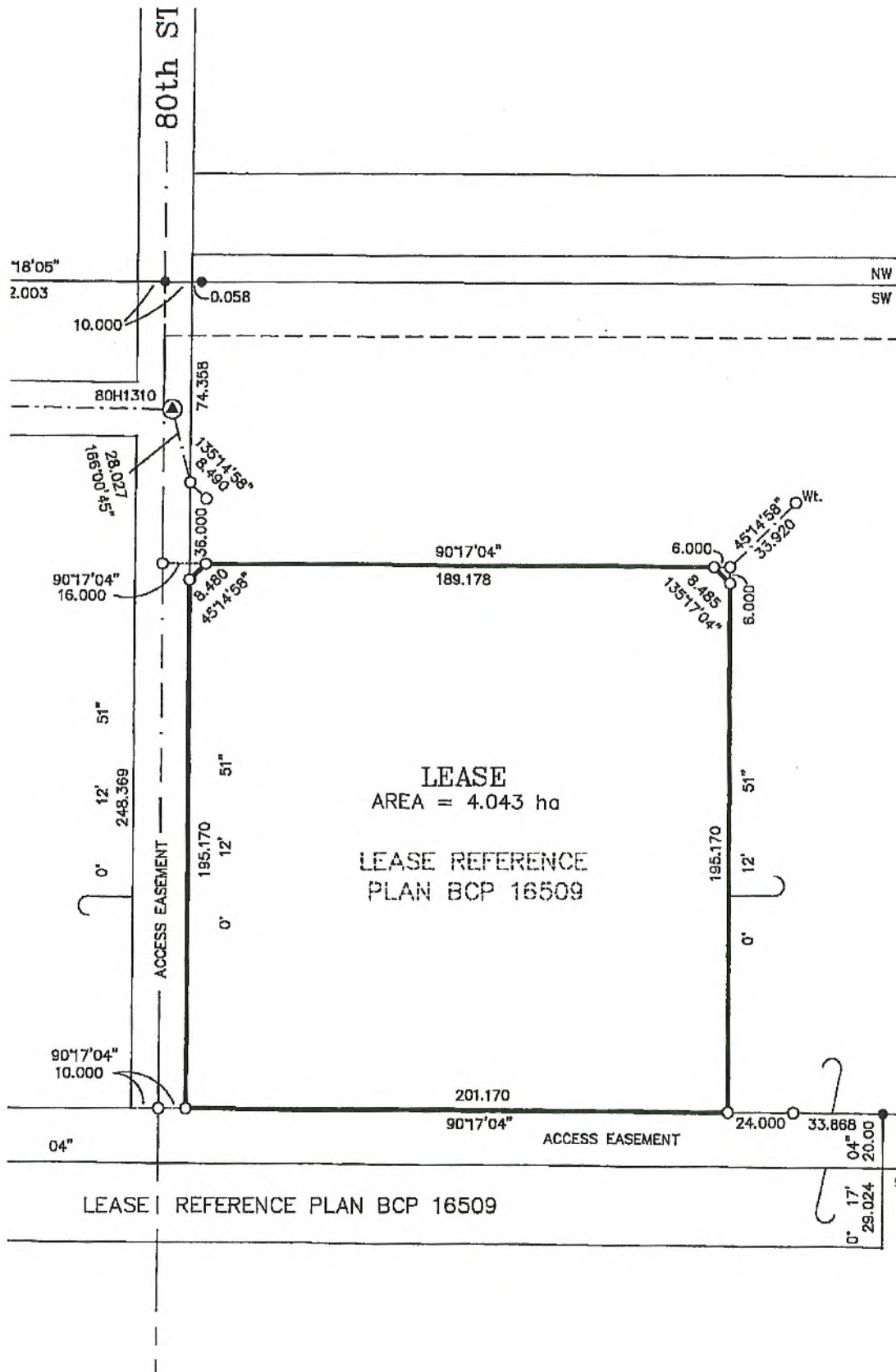
Amend.
BL 5740, 2000

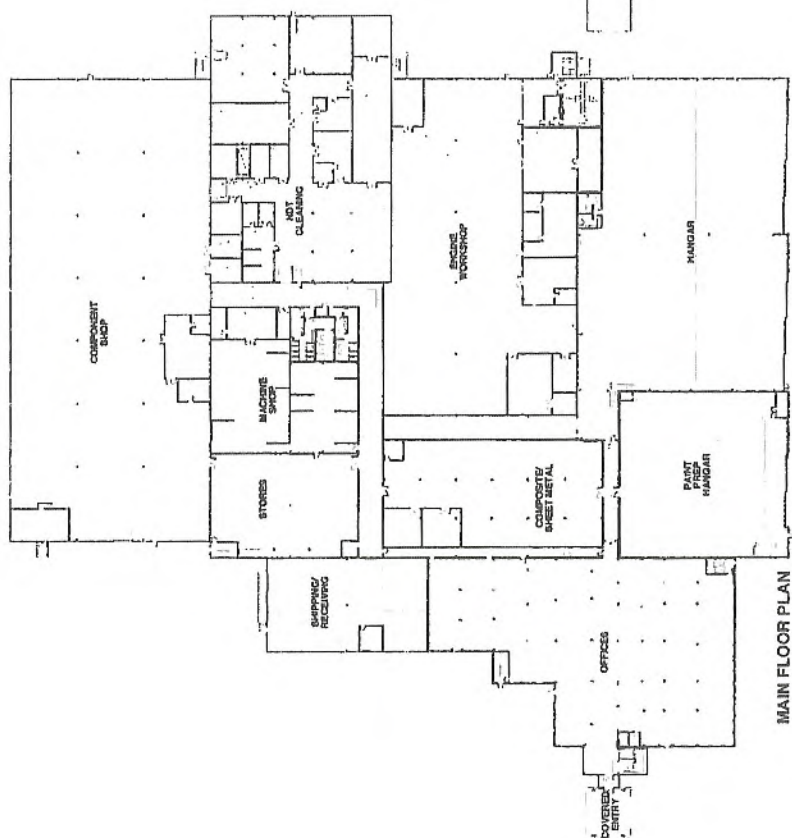
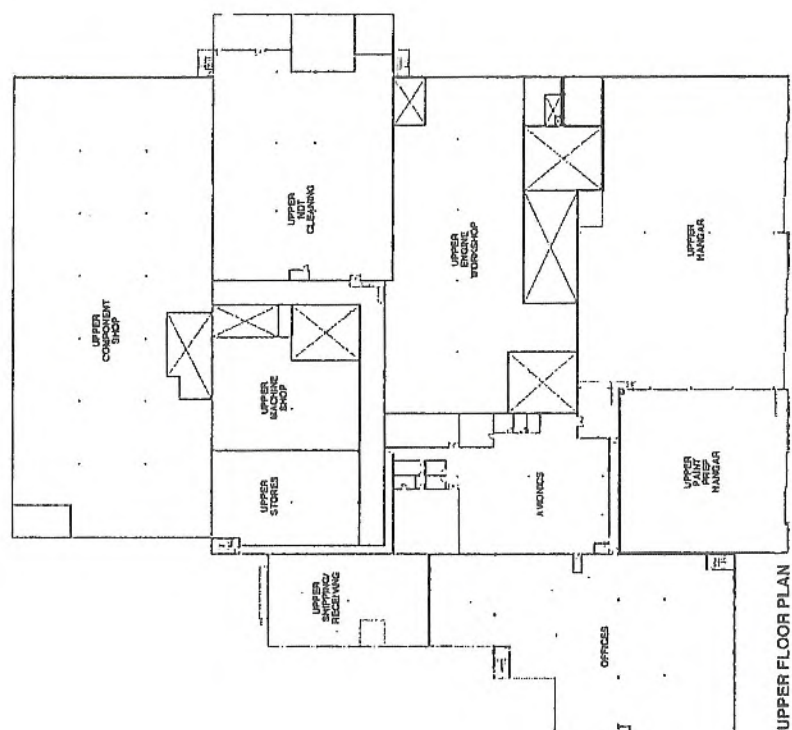
884 Land Development: (deleted by BL 5740, 2000)



ORIGINAL?







Date: 26-Aug-2011 TITLE SEARCH PRINT Time: 09:26:56
 Requestor: (PA42625) GROVER, ELLIOTT & CO. LTD. Page 001 of 005
 Folio: RY TITLE - BB1753996

NEW WESTMINSTER LAND TITLE OFFICE TITLE NO: BB1753996
 FROM TITLE NO: BB1298048

APPLICATION FOR REGISTRATION RECEIVED ON: 31 MAY, 2011
 ENTERED: 31 MAY, 2011

REGISTERED OWNER IN FEE SIMPLE:
 THE CORPORATION OF DELTA
 4500 CLARENCE TAYLOR CRESCENT
 DELTA, B.C.
 V4K 3E2

TAXATION AUTHORITY:
 MUNICIPALITY OF DELTA

DESCRIPTION OF LAND:
 PARCEL IDENTIFIER: 003-528-472
 PARCEL "B" SECTIONS 29, 30, 31 AND 32 TOWNSHIP 3
 NEW WESTMINSTER DISTRICT REFERENCE PLAN 64938
 EXCEPT: PLANS BCP46875 AND BCP48286

LEGAL NOTATIONS:

THIS TITLE MAY BE AFFECTED BY A PERMIT UNDER PART 26 OF THE LOCAL
 GOVERNMENT ACT, SEE BA446808

NOTICE OF INTEREST, BUILDERS LIEN ACT (S.3(2)), SEE BA525070
 FILED 2006-07-06

PERSONAL PROPERTY SECURITY ACT NOTICE SEE BB1716319 EXPIRES 2016/12/31

NOTICE OF INTEREST, BUILDERS LIEN ACT (S.3(2)), SEE BP113964
 FILED 2000-05-18

THIS CERTIFICATE OF TITLE MAY BE AFFECTED BY THE AGRICULTURAL LAND
 COMMISSION ACT; SEE AGRICULTURAL LAND RESERVE PLAN NO. 2 DEPOSITED
 JULY 30TH, 1974.

ZONING REGULATIONS AND PLAN UNDER
 THE AERONAUTICS ACT (CANADA)
 FILED 11.05.1981 UNDER NO. T54793
 PLAN 61884

CHARGES, LIENS AND INTERESTS:

NATURE OF CHARGE

CHARGE NUMBER	DATE	TIME
---------------	------	------

OPTION TO PURCHASE

BL412080	1997-12-05	14:33
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REGISTERED OWNER OF CHARGE:

THE CROWN IN RIGHT OF CANADA
 BL412080

REMARKS: INTER ALIA

UNDERSURFACE RIGHTS

Date: 26-Aug-2011 TITLE SEARCH PRINT
Requestor: (PA42625) GROVER, ELLIOTT & CO. LTD.
Folio: RY TITLE - BB1753996

Time: 09:26:56
Page 002 of 005

BL429489 1997-12-22 11:02
REGISTERED OWNER OF CHARGE:
THE CROWN IN RIGHT OF CANADA
BL429489
REMARKS: INTER ALIA
SEE BL412078

STATUTORY RIGHT OF WAY
BM229686 1998-08-18 10:18
REGISTERED OWNER OF CHARGE:
THE CORPORATION OF DELTA
BM229686
REMARKS: PLAN 57264 AND LMP39091

STATUTORY RIGHT OF WAY
BM239727 1998-08-26 14:54
REGISTERED OWNER OF CHARGE:
THE CORPORATION OF DELTA
BM239727
REMARKS: PLAN LMP39242

STATUTORY RIGHT OF WAY
BM350584 1998-12-22 14:36
REGISTERED OWNER OF CHARGE:
THE CORPORATION OF DELTA
BM350584
REMARKS: PLAN LMP40529

LEASE
BX316871 2005-03-22 14:03
REGISTERED OWNER OF CHARGE:
ALPHA AVIATION INC.
INCORPORATION NO. 678679
BX316871
REMARKS: PART SHOWN ON PLAN BCP16509
HERETO IS ANNEXED EASEMENT BX316872 OVER PART
SHOWN HATCHED ON PLAN BCP16509
MODIFIED BY BA375642
PARTIAL RELEASE AS TO PART SHOWN ON PLAN BCP47212

EASEMENT
BX316872 2005-03-22 14:03
REMARKS: PART SHOWN HATCHED ON PLAN BCP16509
APPURTENANT TO LEASEHOLD BX316871 ON
PARCEL "B" PLAN 64938

MODIFICATION
BA375642 2006-05-11 10:09
REMARKS: MODIFICATION OF BX316871

COVENANT
BA549706 2006-09-19 14:38
REGISTERED OWNER OF CHARGE:
THE CORPORATION OF DELTA
BA549706
REMARKS: OF BX316871

Date: 26-Aug-2011 TITLE SEARCH PRINT
Requestor: (PA42625) GROVER, ELLIOTT & CO. LTD.
Folio: RY TITLE - BB1753996

Time: 09:26:56
Page 003 of 005

COVENANT

BA446806 2006-11-21 14:48
REGISTERED OWNER OF CHARGE:
THE CORPORATION OF DELTA
BA446806
REMARKS: PLAN BCP27284
OF BX316871

COVENANT

BA446807 2006-11-21 14:48
REGISTERED OWNER OF CHARGE:
THE CORPORATION OF DELTA
BA446807
REMARKS: PLAN BCP27284
OF BX316871

SUBLEASE

BA446810 2006-11-21 14:50
REGISTERED OWNER OF CHARGE:
CHC HELICOPTERS INTERNATIONAL INC
INCORPORATION NO. 163761
BA446810
REMARKS: OF LEASE BX316871, PART PLAN BCP27284

STATUTORY RIGHT OF WAY

BB1096585 2009-08-12 13:33
REGISTERED OWNER OF CHARGE:
BRITISH COLUMBIA HYDRO AND POWER AUTHORITY
BB1096585

SUBLEASE

BB1115715 2009-10-28 13:45
REGISTERED OWNER OF CHARGE:
MUD BAY HANGARS #1 LTD.
BB1115715
REMARKS: OF BX316871, PART ON PLAN BCP42698
MODIFIED BY BB1184815

MORTGAGE

CA1330253 2009-10-29 16:12
REGISTERED OWNER OF CHARGE:
WESTMINSTER SAVINGS CREDIT UNION
CA1330253
REMARKS: OF BB1115715

ASSIGNMENT OF RENTS

CA1330254 2009-10-29 16:12
REGISTERED OWNER OF CHARGE:
WESTMINSTER SAVINGS CREDIT UNION
CA1330254
REMARKS: OF BB1115715

MORTGAGE

BB1469332 2010-05-12 09:33
REGISTERED OWNER OF CHARGE:

Date: 26-Aug-2011 TITLE SEARCH PRINT
Requestor: (PA42625) GROVER, ELLIOTT & CO. LTD.
Folio: RY TITLE - BB1753996

Time: 09:26:56
Page 004 of 005

CANADIAN IMPERIAL BANK OF COMMERCE
BB1469332

REMARKS: OF BX316871 SEE BA375642

ASSIGNMENT OF RENTS

BB1469333 2010-05-12 09:33

REGISTERED OWNER OF CHARGE:

CANADIAN IMPERIAL BANK OF COMMERCE

BB1469333

REMARKS: OF BX316871 SEE BA375642

COVENANT

BB1269455 2010-05-12 14:48

REGISTERED OWNER OF CHARGE:

THE CORPORATION OF DELTA

BB1269455

REMARKS: AS TO PART PLAN BCP16509

EXCEPT PART IN PLAN BCP27284

OF BX316871

MODIFICATION

BB1184815 2010-08-30 14:17

REMARKS: MODIFICATION OF BB1115715

SUBLEASE

BB1716316 2010-10-29 14:47

REGISTERED OWNER OF CHARGE:

GREEN GROWERS WAREHOUSE LTD.

INCORPORATION NO. 868711

BB1716316

REMARKS: OF LEASE BX316871, PART ON PLAN BCP46504

MORTGAGE

BB1716317 2010-10-29 14:47

REGISTERED OWNER OF CHARGE:

FARM CREDIT CANADA

BB1716317

REMARKS: OF BB1716316

ASSIGNMENT OF RENTS

BB1716318 2010-10-29 14:47

REGISTERED OWNER OF CHARGE:

FARM CREDIT CANADA

BB1716318

REMARKS: OF BB1716316

SUBLEASE

BB1720236 2010-11-10 11:52

REGISTERED OWNER OF CHARGE:

BC FRESH VEGETABLES INC.

INCORPORATION NO. 0432724

BB1720236

REMARKS: OF BB1716316, PART ON PLAN BCP46504

SUBLEASE

BB1977315 2011-08-15 10:38

Date: 26-Aug-2011 TITLE SEARCH PRINT
Requestor: (PA42625) GROVER, ELLIOTT & CO. LTD.
Folio: RY TITLE - BB1753996

Time: 09:26:56
Page 005 of 005

REGISTERED OWNER OF CHARGE:

MUD BAY HANGARS #2 LTD.

INCORPORATION NO. 902159

BB1977315

REMARKS: OF BX316871 SEE BA375642, PART IN PLAN BCP49024

"CAUTION - CHARGES MAY NOT APPEAR IN ORDER OF PRIORITY. SEE SECTION 28, L.T.A."

DUPLICATE INDEFEASIBLE TITLE: NONE OUTSTANDING

TRANSFERS: NONE

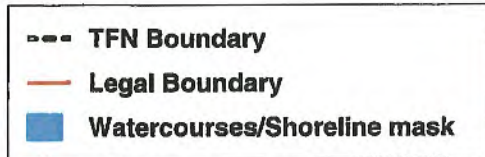
PENDING APPLICATIONS: NONE

*** CURRENT INFORMATION ONLY - NO CANCELLED INFORMATION SHOWN ***

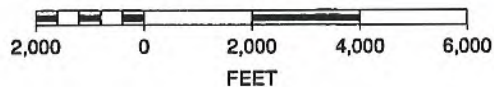
The Corporation of Delta

Appendix 9

177

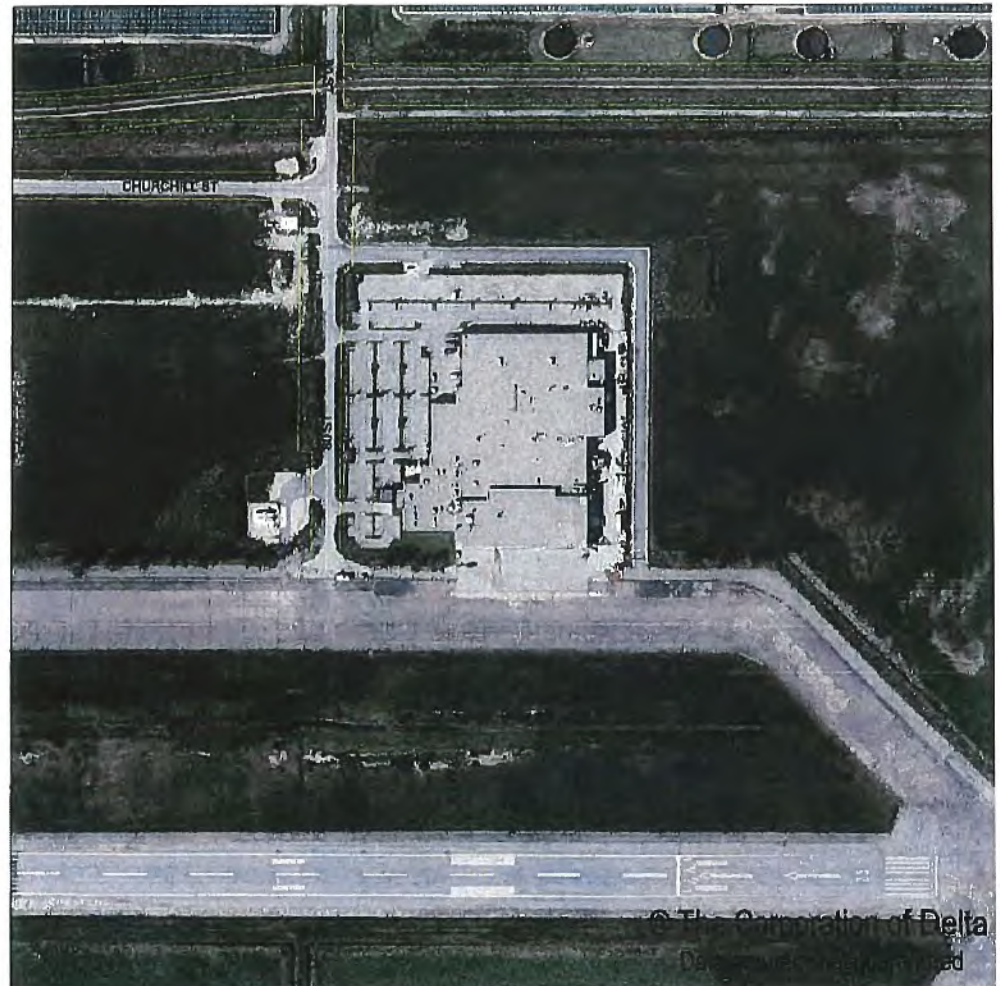
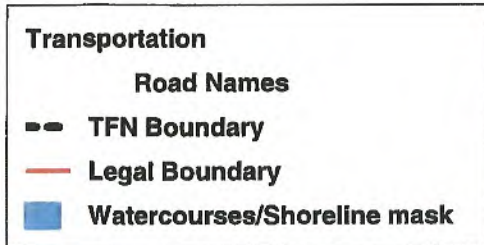


SCALE 1 : 41,210

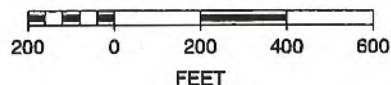


The Corporation of Delta

173



SCALE 1 : 5,151





VIEW SOUTH EAST FROM 80TH STREET



VIEW NORTH EAST FROM 80TH STREET



THE OFFICE, VIEW NORTH WEST



THE HANGAR, VIEW NORTH WEST



SHIPPING / RECEIVING AREA



AN ENGINE TEST CELL



VIEW SOUTH WEST



THE SOUTH YARD, VIEW WEST



THE EAST YARD, VIEW SOUTH



THE NORTH YARD, VIEW WEST



VIEW SOUTH ALONG 80TH STREET



VIEW NORTH ALONG 80TH STREET

LEASE OF PREMISES

SINGLE TENANCY


LANDLORD: 0921528 B.C. LTD.

TENANT: HELI-ONE CANADA INC.

GUARANTOR: 6922767 HOLDING S.Á R.L.

PREMISES: 4300 80th Street
Boundary Bay Airport
Delta, B.C.

This is Exhibit "D" referred to in the
affidavit of ERIC LEE
sworn before me at VANCOUVER
this 6 day of FEBRUARY A.D. 2017



A Commissioner for taking Affidavits
within British Columbia

LEASE

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LEASE SUMMARY

This two page Lease Summary is attached to and forms part of the Indenture of Lease dated for reference and made as of the 17th day of April, 2012, among 0921528 B.C. Ltd., as landlord, and Heli-One Canada Inc., as tenant, and 6922767 Holding S.á r.l., as guarantor.

1. LANDLORD

- (a) **Name:** 0921528 B.C. Ltd.
- (b) **Address:** 1700 – 128 West Pender Street
Vancouver, BC
V6B 1R8
- (c) **Contact Numbers:** **Telephone:** [Insert] **Facsimile:** 604-602-0898
- (d) **Contact Person:** Mr. Jason Hong

2. TENANT

- (a) **Legal Name:** Heli-One Canada Inc.
4740 Agar Drive
- (b) **Address:** Richmond, BC V7B 1A3
- (c) **Contact Numbers:** **Telephone:** [Insert] **Facsimile:** 604-232-8341
- (d) **Contact Person:** John Hanbury **Emergency No.:** [Insert]

3. GUARANTOR

- (a) **Legal Name:** 6922767 Holding S.á r.l.
- (b) **Address:** c/o ATC Corporate Services (Luxembourg) S.A.
13-15 Avenue de le Liberté
L-1931 Luxembourg
- (c) **Contact Numbers:** **Telephone:** +352 2689 0215 **Facsimile:** [Insert]
- (d) **Contact Person:** Nicolas Swiatek **Emergency No.:** [Insert]

4. PREMISES

- (a) **Description:** The Building and the Lands

- (b) **Municipal Address:** 4300 80th Street
Boundary Bay Airport
Delta, B.C.

5. TERM

- (a) **Term:** 23 years
- (b) **Commencement Date:** April 17, 2012
- (c) **Last Day of Term:** The day immediately prior to the 23rd anniversary of the Commencement Date.

6. BASE RENT

- (a) For the period from and including the Commencement Date, to and including the day immediately prior to the 5th anniversary of the Commencement Date, the sum of \$3,164,153.00 per annum (being a monthly payment of \$263,679.42);
- (b) For the period from and including the 5th anniversary of the Commencement Date, to and including the day immediately prior to the 10th anniversary of the Commencement Date, the sum equal to the annual Base Rent payable pursuant to paragraph 5(a) of this Lease Summary increased by the lesser of:
- (i) 12%; and
 - (ii) the CPI Factor;
- (c) For the period from and including the 10th anniversary of the Commencement Date, to and including the day immediately prior to the 15th anniversary of the Commencement Date, the sum equal to the annual Base Rent payable pursuant to paragraph 5(b) of this Lease Summary increased by the lesser of:
- (i) 12%; and
 - (ii) the CPI Factor; and
- (d) For the period from and including the 15th anniversary of the Commencement Date, to and including the day immediately prior to the 20th anniversary of the Commencement Date, the sum equal to the annual Base Rent payable pursuant to paragraph 5(c) of this Lease Summary increased by the lesser of:
- (i) 12%; and
 - (ii) the CPI Factor; and
- (e) For the period from and including the 20th anniversary of the Commencement Date, to and including the day immediately prior to the 23rd anniversary of the Commencement Date, the sum equal to the annual Base Rent payable pursuant to paragraph 5(d) of this Lease Summary increased by 12%.

7. USE OF BUILDING

Use: Solely for the purpose of the repair and maintenance of aircraft, the storage of aircraft and related material and equipment, and related office use, but specifically excluding the storage of fuel (except as may be necessary and incidental to the repair and maintenance operations), and such other uses as are permitted by the applicable zoning of the Lands, are contemplated by the master plan for the Boundary Bay Airport and are approved by the Landlord (which approval may not be unreasonably withheld).

8. **TENANT'S BUSINESS NAME**

Heli-One Canada, or other name approved from time to time by the Landlord in writing pursuant to Section 7.2.

9. **RENEWAL**

Two options to renew:

First option to renew: For the period commencing on the day following the Last Day of the Term and expiring on the 10th anniversary of the Last Day of the Term (the "First Renewal Term"); and

Second option to renew: For the period commencing on the day following the 10th anniversary of the Last Day of the Term and ending on April 27, 2050, being the day prior to the end of the term of the Head Lease (the "Second Renewal Term").

THIS LEASE dated for reference and made as of the 17 day of April, 2012,

AMONG:

0921528 B.C. LTD.

(the "**Landlord**")

OF THE FIRST PART

AND:

HELI-ONE CANADA INC.

(the "**Tenant**")

OF THE SECOND PART

AND:

6922767 HOLDING S.Á R.L.

(the "**Guarantor**")

OF THE THIRD PART

WITNESSES THAT IN CONSIDERATION of the mutual covenants contained herein, the parties hereby agree as follows:

ARTICLE 1 – DEFINITIONS

SECTION 1.1 – DEFINITIONS

The following definitions apply in this Lease.

"Additional Rent": means all monies payable by the Tenant under this Lease, including without limitation but without duplication, the Head Lease Additional Rent, the Lands and Building Costs, Taxes and Sales Taxes but excluding Base Rent.

"Airport Maintenance Charge": the proportionate share of the Airport Maintenance Charge (as defined in the Head Lease) payable by the Landlord, as tenant pursuant to the Head Lease.

"Architect": an accredited architect, engineer or land surveyor, chosen by the Landlord from time to time.

"Base Rent": the amounts specified as such in the Lease Summary.

"Building": the building now situate on the Lands and any and all buildings and improvements erected on the Lands after the date hereof.

"Boundary Bay Airport": means the airport located at Delta, British Columbia, which is operated by the Head Landlord and located on the lands legally described as:

Parcel Identifier: 003-528-472
 Parcel "B" Sections 29, 30, 31 and 32
 Township 3
 New Westminster District
 Reference Plan 64938

"Business Taxes": means:

- (a) the taxes, rates, duties, assessments and other charges that are imposed against or in respect of the improvements, equipment, facilities and machinery and any alterations by or of the Tenant or Tenant's Repairs on or in the Premises or any part thereof or the Landlord on account of its ownership of or interest in either of them; and
- (b) every tax and licence fee that is imposed against or in respect of business carried on in the Premises or in respect of the use or occupancy of the Premises or any part thereof by the Tenant or its subtenants or licensees, or against the Landlord on account of its ownership of the Premises or the Lands, provided however, that in no event shall the Tenant be responsible for any property transfer tax payable by the Landlord in connection with the registration of the assignment of the Head Lease from the Tenant to the Landlord.

"Commencement Date": the date specified as such in the Lease Summary.

"CPI Factor": the percentage increase of the Consumer Price Index (all items) for British Columbia published by Statistics Canada or by any successor thereof or any other governmental agency whose responsibility it is to publish such statistics, for the most recent 60 month period.

"Damage" and "Damaged": as defined in Article 10.

"Encumbrance": as defined in Section 13.2(a).

"Environmental Laws": any laws, regulations, orders, bylaws, permits, lawful requirements, standards or guidelines of any federal, provincial, regional or municipal governmental authority having jurisdiction over the Premises with respect to the environment, environmental protection or occupational health and safety.

"First Renewal Term": has the meaning given to it in the Lease Summary.

"Hazardous Substances": any pollutants, contaminants, underground or aboveground tanks, asbestos materials, urea formaldehyde, deleterious substances, hazardous, corrosive or toxic substances, special waste or waste of any kind, including without limitation any substance the storage, manufacture, disposal, handling, treatment, generation, use, transport, remediation or release into the environment of which is now or hereafter at any time prohibited, controlled, regulated or licensed under Environmental Laws.

"Head Landlord": Alpha Aviation Inc., in its capacity as the landlord pursuant to the Head Lease, and its successors and assigns from time to time.

"Head Lease": the Lease of the Premises dated July 31, 2006 made between the Head Landlord, as landlord, and CHC Helicopters International Inc. (now CHC Helicopter Holding S.á r.l.), as tenant, a short form of which is registered in the New Westminster Land Title Office under No. BA446810, and as assigned by CHC Helicopters International Inc. (now CHC Helicopter Holding S.á r.l.) to the Landlord.

"Head Lease Additional Rent": all money payable by the Landlord, as tenant, pursuant to the Head Lease (except Base Rent (as defined in the Head Lease)), whether or not it is designated as "Additional Rent", which is not otherwise paid directly by the Tenant.

"Head Lease Insurance": the proportionate share of the Cost of Insurance (as defined in the Head Lease) payable by the Landlord, as tenant pursuant to the Head Lease.

"Insurance Costs": the costs of insurance appraisals and insurance consultant's costs incurred by the Landlord, and all premiums and other amounts which the Landlord may expend in effecting or maintaining insurance coverage pursuant to Section 8.3 hereof.

"Landlord's Address": the address specified as such in the Lease Summary.

"Lands": those lands and premises situate, lying and being in the Corporation of Delta, in the Province of British Columbia shown edged in black on the Plan attached hereto as Schedule "A" and being a portion of the lands legally described as:

Parcel Identifier: 003-528-472
 Parcel "B" Sections 29, 30, 31 and 32
 Township 3
 New Westminster District
 Reference Plan 64938.

"Lands and Building Costs": the total of all costs, charges and expenses, without duplication, incurred and paid by the Landlord in connection with the operation, management, maintenance and repair of the Lands and the Building and, without limiting the foregoing, includes:

- (a) Insurance Costs;
- (b) Airport Maintenance Charge;
- (c) Operating Expenses;
- (d) Head Lease Insurance;
- (e) the cost of operating, repairing, painting and maintaining the Building, including, without limitation, the replacement of the roof membrane (provided that the Landlord may only charge to the Tenant as part of the Lands and Building Costs such cost on an amortized basis calculated over the useful life of the roof membrane), in a good and substantial state of repair (excluding costs of any repairs or replacements to the structural elements of the Building and the structural elements of the roof), not attended to and paid directly by the Tenant;
- (f) the costs of the operation and maintenance of utilities and services to and within the Building;
- (g) the Utility Costs, garbage collection, and snow removal, not paid directly by the Tenant;
- (h) the cost of maintaining the Lands, not attended to and paid by the Tenant; and
- (i) a sum equal to 2% of the Base Rent as a management fee (inclusive of any third party management fees) in relation to the Premises.

"Lease Summary": the pages attached to and forming part of this Lease and headed "Lease Summary".

"Leasable Area of Building": the total area of each floor and mezzanine (if any) of the Building measured from the exterior walls, doors and windows without deduction for any columns and projections, in accordance with the BOMA 2005 standards.

"Mortgagee": one or more mortgage creditors (including a trustee for bondholders) of the Lands or part of it and a chargee or other secured creditor that holds the Lands or a part of it as security from time to time but a Mortgagee is not a creditor, chargee or security holder of the Tenant.

"Operating Expenses": the proportionate share of the Operating Expenses (as defined in the Head Lease) payable by the Landlord, as tenant pursuant to the Head Lease.

"Parties Related to the Tenant": as defined in Section 8.4(b)(i).

"Person": as the context requires, a person, firm, partnership or corporation, group of persons, firms, partnerships or corporations, or any combination of them.

"Premises": the Building and the Lands.

"Prime Rate": the rate of interest per annum from time to time publicly quoted by a Canadian chartered bank designated from time to time by the Landlord as the reference rate of interest (commonly known as its "prime rate") used by it to determine rates of interest chargeable in Canada on Canadian dollar demand loans to its commercial customers.

"Released Person": as defined in Section 8.4(a).

"Rent": Base Rent and Additional Rent.

"Rental Year": is as follows:

- (a) the first Rental Year of the Term shall start on the first day of the Term, and end on the last day of the month of the following December; and
- (b) each Rental Year after the first Rental Year shall be a period of twelve (12) calendar months, starting the first day after the Rental Year that immediately precedes it, except the last Rental Year (whether it is twelve (12) calendar months or not) shall terminate on the expiration or earlier termination of this Lease.

Notwithstanding the foregoing, the Landlord may, from time to time, by written notice to the Tenant, specify an annual date on which each Rental Year after the notice shall start for purposes of all or various individual Articles of the Lease, and the then current Rental Year for such Articles shall terminate on the day immediately before the start of the new Rental Year.

"Sales Taxes": as defined in Section 2.1(b).

"Second Renewal Term": has the meaning given to it in the Lease Summary.

"Share Transfer" as defined in Section 11.5.

"Stipulated Rate": the rate of interest per annum that is three percentage points (3%) more than the Prime Rate.

"Taxes": means:

- (a) real property taxes, rates, duties and assessments (including local improvement taxes), impost charges or levies (referred to collectively as "real property taxes"), that are levied, rated, charged or assessed against the Premises or any part hereof from time to time by a taxing authority, whether federal, provincial, municipal, school or otherwise, and any taxes or other amounts (without duplication) that are imposed instead of, or in addition to, real property taxes whether similar or not, and whether in existence at the Commencement Date or not, and any real property

taxes levied, or assessed against the Landlord on account of its or their ownership of or interest in the Premises; plus

- (b) the amount, reasonably allocated by the Landlord from time to time to the Premises, of all taxes levied by the British Columbia Provincial Government or the Federal Government of Canada and payable by the Landlord which are based upon or computed by reference to the capital or place of business of the Landlord; plus
- (c) the reasonable costs and expenses incurred for consulting, survey, appraisal, legal and other fees and expenses to the extent they are incurred in an attempt to minimize or reduce amounts mentioned in subparagraph (a) above.

"Tenant's Address": the address specified as such in the Lease Summary.

"Tenant's Business Name": the business name specified as such in the Lease Summary.

"Tenant's Repairs": as defined in Section 9.2(a).

"Term": the term specified in the Lease Summary.

"Transfer" and **"Transferee":** as defined in Section 11.1.

"Unit Transfer" as defined in Section 11.6.

"Usable": as defined in Article 10.

"Utility Costs": all rates, charges and other amounts arising from, related to, or incurred in respect of, services and utilities, including water, fuel, gas, telephone and electrical power or energy, used upon or in respect of the Premises or any part thereof and for fittings, machines, apparatus, meters or other things leased in respect thereof, and for all work and services performed by any corporation or commission in connection with such utilities.

ARTICLE 2— INTENT AND INTERPRETATION

SECTION 2.1 – NET LEASE

(a) This Lease is a completely net lease to the Landlord. Except as stated in this Lease, the Landlord is not responsible for costs, charges or expenses relating to the Premises, their use and occupancy, their contents or the business carried on in them, and the Tenant shall pay the charges, impositions, costs and expenses relating to the Premises except as stated in this Lease. The Landlord shall have the right to collect such charges, impositions, costs and expenses as Additional Rent with all rights of distress and otherwise as reserved to the Landlord in respect of Rent in arrears. This Section shall not be interpreted to make the Tenant responsible for payments to Mortgagees or, subject to Article 5, the Landlord's income taxes.

(b) Despite any other section or clause of this Lease, the Tenant shall pay to the Landlord an amount equal to any and all goods and service taxes, sales taxes, value added taxes, or any other taxes (imposed on the Landlord with respect to Rent payable by the Tenant to the Landlord under this Lease, or in respect of the rental of space under this Lease whether characterized as a goods and services tax, sales tax, value added tax, or otherwise (herein called the "Sales Taxes")), it being the intention of the parties that the Landlord shall be fully reimbursed by the Tenant with respect to any and all Sales Taxes payable by the Landlord with respect to Rent. The amount of the Sales Taxes so payable by the Tenant shall be calculated by the Landlord in accordance with the applicable legislation and shall be paid to the Landlord at the same time as the amounts to which such Sales Taxes apply are payable to the Landlord under the terms of this Lease or upon demand at such other time or times as the Landlord from time to time determines. Despite any other section or clause in this Lease, the amount payable by the Tenant

under this paragraph shall be deemed not to be Rent, but the Landlord shall have all of the same remedies for and rights of recovery of such amount as it has for recovery of Rent under this Lease.

SECTION 2.2 – ENTIRE AGREEMENT

The Lease includes the Lease Summary and the Schedules attached hereto. Other than the purchase and sale agreement between the Landlord (as purchaser) and the Tenant (as vendor) dated June 30, 2011 and the option to purchase (the “Option”) between the Landlord (as owner) and the Tenant (as optionee) of even date herewith, there are no covenants, promises, agreements, representations, warranties, conditions or understandings, either oral or written, between the parties concerning this Lease, the Premises or the Lands or any matter related to all or any of them, except those that are set out in this Lease. This Lease constitutes the entire agreement between the Landlord and the Tenant relating to the lease of the Premises by the Landlord to the Tenant. Neither this Lease nor any alteration, amendment, change or addition to this Lease is binding upon the Landlord unless it is in writing and signed by the Tenant and the Landlord.

SECTION 2.3 – GENERAL MATTERS OF INTENT AND INTERPRETATION

- (a) Each obligation under this Lease is a covenant.
- (b) The captions, section numbers, article numbers and Table of Contents do not define, limit, construe or describe the scope or intent of the sections or articles.
- (c) All references to any party in this Lease shall be read with such changes in number and gender as the context or reference to the parties may require.
- (d) If any provision or provisions of this Lease shall be illegal or not enforceable, it or they shall be considered separate and severable from this Lease and its remaining provisions shall remain in force and be binding upon the parties as though the provision or provisions had never been included.
- (e) This Lease shall be construed and governed exclusively by the laws of the Province of British Columbia and the Tenant shall attorn to the laws of the Province of British Columbia.
- (f) Time is of the essence of this Lease.
- (g) Wherever it is provided in this Lease that a matter is at the option of the Landlord or a matter is subject to the Landlord's consent, approval or determination or that there otherwise is a discretion in the Landlord, the Landlord's discretion in such matter shall be absolute and such determination shall be in the Landlord's sole, unfettered discretion unless otherwise specifically provided in this Lease.

ARTICLE 3– GRANT AND TERM

SECTION 3.1 – THE PREMISES

In consideration of the terms, covenants, agreements and conditions herein contained, the Landlord leases to the Tenant, and the Tenant leases from the Landlord, the Premises, together with any collateral rights which may be granted by the Head Landlord pursuant to Section 2.2 of the Head Lease, subject to the easements and rights of way now registered against the title to the Lands and any future easements and rights of way which may be registered against title to the Lands.

SECTION 3.2 – THE TERM

The Tenant shall have and hold the Premises for the Term unless earlier terminated pursuant to the provisions of this Lease.

SECTION 3.3 – DETERMINATION OF LEASABLE AREA

The Landlord may from time to time calculate or recalculate or measure or remeasure the Leasable Area of Building (but not more than once in any calendar year) and, for all purposes of this Lease, the Leasable Area of Building shall be as so determined by the Landlord from time to time or, in the event of a dispute, as determined by the Landlord's Architect within three months of receipt of the determination of the Leasable Area of Building by the Landlord from time to time, whose decision shall be final and binding.

ARTICLE 4– RENT**SECTION 4.1 – COVENANT TO PAY**

The Tenant covenants to pay Rent.

SECTION 4.2 – BASE RENT

The Tenant shall throughout the Term pay to the Landlord at the Landlord's Address or to such other place as the Landlord may specify in writing from time to time, in lawful money of Canada, the Base Rent payable in advance in equal 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 last day of the Term occurs. If the Term starts on a day other than the first day of the month or ends on a day other than the last day of the month, the Base Rent for the fraction of that month shall be calculated on a per diem basis at a rate per day equal to 1/365th of the then applicable annual Base Rent payable pursuant to this Lease.

SECTION 4.3 – ADDITIONAL RENT

The Tenant shall throughout the Term pay to the Landlord the Additional Rent, save for Lands and Building Costs which shall be payable in accordance with Section 5.2, which is payable in Canadian funds without deduction, abatement, set-off or compensation, and is payable (unless otherwise herein provided) not less than fifteen (15) days after request by the Landlord. Notwithstanding the foregoing, the Tenant shall promptly pay all items of Additional Rent not directly payable to the Landlord hereunder as they become due and shall provide to the Landlord when and if requested by the Landlord, the receipt of each payment made by the Tenant in respect thereof.

SECTION 4.4 – OVERDUE RENT

If the Tenant defaults in the payment of any Rent, the Tenant shall pay to the Landlord interest on the unpaid Rent at the Stipulated Rate in force on the due date, calculated from the due date to the date of payment.

ARTICLE 5– BUSINESS TAXES AND LANDS AND BUILDING COSTS**SECTION 5.1 – TENANT'S RESPONSIBILITY**

The Tenant shall, on the Landlord's request, promptly deliver to the Landlord receipts for payment of all Business Taxes payable by the Tenant, notices of any assessments for Business Taxes or other assessments received by the Tenant that relate to the Premises, and whatever other information relating to Business Taxes the Landlord reasonably requests from time to time. The Tenant shall deliver to the Landlord, at least ten (10) days before the last date for filing appeals, notice of any appeal or contestation that the Tenant intends to institute with respect to Business Taxes payable by the Tenant and obtain the prior written consent of the Landlord for the appeal or contestation, which consent shall not be unreasonably withheld. If the Tenant obtains the Landlord's consent and does not pay the Business Taxes before the appeal or contestation, the Tenant shall deliver to the Landlord whatever security for the payment of the Business Taxes the Landlord reasonably requires, promptly and diligently prosecute the appeal or contestation, and keep the Landlord informed on all aspects of it. The Tenant shall indemnify and save

the Landlord harmless from all loss, cost, charges and expenses arising from Business Taxes as well as any taxes that are imposed in place of Business Taxes.

SECTION 5.2 – LANDS AND BUILDING COSTS

(a) The Tenant shall pay to the Landlord as Additional Rent the Lands and Building Costs, at the times and in the manner hereinafter provided. The Landlord may, prior to the commencement of the Term and each Rental Year thereafter during the Term, provide to the Tenant an estimate of the Lands and Building Costs for the ensuing Rental Year or portion thereof. The amount so estimated shall be payable in equal monthly instalments in advance over the Rental Year or portion thereof to which they relate, each instalment being payable on the instalment dates for the payment of Base Rent. When the necessary information becomes available but within 90 days of the end of each Rental Year, the Landlord shall, acting reasonably, recalculate the Lands and Building Costs for such Rental Year or portion thereof based on actual figures for such Lands and Building Costs and the Landlord and the Tenant shall expeditiously make between them any adjustment which such recalculation may show to be necessary, so that the Tenant shall be credited for any overpayment or debited for any deficiency. Alternatively, the Tenant shall pay to the Landlord, for each Rental Year or portion thereof during the Term the Lands and Building Costs within thirty (30) days after written demand therefor by the Landlord.

(b) For greater certainty, the Landlord shall not be obliged to do or undertake any of the actions or payments described in the definition of Lands and Building Costs contained in Section 1.1 (excepting payment of any cost or fee invoiced or levied directly against the Landlord, or otherwise as expressly set out herein).

SECTION 5.3 – TAXES

(a) Upon receipt by the Landlord of invoices for the Taxes, the Landlord shall forthwith deliver such invoice to the Tenant and the Tenant shall deliver to the Landlord a cheque (or cheques) representing payment in full of such invoice for the Taxes on or prior to the day which is three Business Days before such invoices are due.

(b) For greater certainty, provided the Landlord delivers all invoices referred to in Section 5.3(a) to the Tenant in a timely manner, the Landlord shall not be obligated to make any payments described in Section 5.3(a).

ARTICLE 6– UTILITIES AND HEATING

SECTION 6.1 – CHARGES FOR UTILITIES SUPPLIED BY LANDLORD

(a) Where any service or utility is supplied by or through the Landlord, the Tenant shall pay to the Landlord an amount (the "Charge") which is equal to the cost incurred by the Landlord for water, fuel, power, telephone and other utilities (the "Utilities") used in or for the Premises or allocated to them by the Landlord.

(b) If the Landlord supplies Utilities, the Tenant shall pay the Landlord the Charge on demand, which shall be based on estimates of the Landlord but shall be subject to adjustment within a reasonable time after the period for which the estimate had been made. The Tenant shall, if requested by the Landlord, install at its own expense, at a location designated by the Landlord, a separate check meter indicating demand and consumption for Utilities in the Premises.

(c) The Landlord shall not be liable for interruption or cessation of, or failure in the supply of Utilities, services or systems in, to or servicing the Premises, whether they are supplied by the Landlord or others, the cause of which is beyond the Landlord's control.

SECTION 6.2 – HEATING AND COOLING

The Tenant shall heat and cool the Premises in a reasonable manner so as to prevent any damage thereto by reason of frost, moisture or mildew.

ARTICLE 7– USE OF THE PREMISESSECTION 7.1 – USE OF THE PREMISES

The Tenant shall not use the Premises nor allow the Premises to be used for any purpose other than those purposes specified in paragraph 7 of the Lease Summary, nor in any manner inconsistent with such use and occupation. The Tenant shall not, at any time during the Term or any renewal of the Term, commit or suffer to be committed any waste upon the Premises, nor shall the Tenant use, exercise, or carry on, or permit or suffer to be used, exercised or carried on, in or upon the Premises, or any part thereof, any noxious, noisome or offensive act, trade, business, occupation or calling, or keep, sell, use, handle or dispose of any merchandise, goods or things which are objectionable, or by which the Premises or any part thereof, may be damaged or injuriously affected. The Tenant shall not use the Premises nor allow the Premises to be used in any manner which may result in annoyance, nuisance, grievance, damage or disturbance to the holders of any registered easements, right of way or other encumbrance charging the whole or part of the Lands or the Building. The Tenant shall immediately advise the Landlord of the presence of, and shall do all things necessary to remove, any dangerous condition from time to time existing on the Premises and arising as a result of the act or omission of the Tenant or any person for whom the Tenant is at law responsible. The Landlord acknowledges and agrees that, notwithstanding the foregoing, it shall not be deemed to be a nuisance for the Tenant to conduct or carry out any of the activities related to or incidental to the permitted uses of the Premises specified in paragraph 6 of the Lease Summary provided that the Tenant complies promptly at its own expense with, and conforms to, the requirements of all applicable statutes, laws, bylaws, regulations, ordinances and orders at any time in force during the Term in connection with such related or incidental activities.

SECTION 7.2 – INTENTIONALLY DELETEDSECTION 7.3 – INTENTIONALLY DELETEDSECTION 7.4 – COMPLIANCE WITH AND OBSERVANCE OF LAW

The Tenant shall comply promptly at its own expense with, and conform to, the requirements of all applicable statutes, laws, bylaws, regulations, ordinances and orders at any time in force during the Term which affect or relate to the condition, equipment, maintenance, use or occupation of the Premises or the business conducted therein or with any work done on the Premises. The Tenant acknowledges that it is the Tenant's sole responsibility to satisfy itself, and the Tenant acknowledges that it has satisfied itself that the Tenant's business is permitted to be conducted at the Premises and that the Landlord has given no representations or warranties to the Tenant with respect to applicable zoning or as to uses permitted by law on the Premises.

SECTION 7.5 – INTENTIONALLY DELETEDSECTION 7.6 – INTENTIONALLY DELETEDSECTION 7.7 – AUCTIONS

The Tenant shall not hold or sponsor any auctions of any type on the Premises.

SECTION 7.8 – HAZARDOUS SUBSTANCES

(a) The Tenant shall:

- (i) at its own cost and expense, comply with all laws and regulations from time to time in force regulating the manufacture, use, storage, transportation, removal or disposal of waste, Hazardous Substances and the protection of the environment generally; and
- (ii) not bring onto the Premises or permit the presence thereon of any Hazardous Substances, without the prior written consent of the Landlord. The Landlord consents to the use by the Tenant of such Hazardous Materials as are commonly used in connection with the assembly, maintenance and repair of aircraft, provided such use is undertaken at all times in compliance with all Environmental Laws.

The Tenant shall, at its own expense, promptly and diligently remove any unauthorized Hazardous Substances from the Premises. The Tenant shall, at its own expense, remedy any damage to the Premises caused by any unauthorized Hazardous Substances brought on to the Premises by the Tenant or by any of its invitees, occupants, licencees, concessionaires, subtenants, agents, contractors, suppliers, service providers, or by any Person for whom the Tenant is, at law, responsible or any escape or migration of any such unauthorized Hazardous Substance therefrom.

(b) The Tenant hereby authorizes the Landlord to make enquiries from time to time with respect to the Tenant's compliance with any laws and regulations pertaining to the Tenant, the Tenant's business and the Premises, including without limitation, laws and regulations pertaining to Hazardous Substances and the protection of the environment generally. The Tenant shall provide such written authorization as the Landlord may reasonably require in order to facilitate the obtaining of such information.

(c) If any governmental authority having jurisdiction shall require the clean-up of any Hazardous Substances held, released, spilled, abandoned or placed upon the Premises or released into the environment by the Tenant in the course of the Tenant's business or as a result of the Tenant's use or occupancy of the Premises (whether or not during the Term), then the Tenant shall, at its own expense, prepare all necessary studies, plans and proposals and submit the same for approval, provide all bonds and other security required by governmental authorities having jurisdiction and carry out the work required and shall keep the Landlord fully informed and provide to the Landlord full information with respect to the proposed plans and comply with the Landlord's reasonable requirements with respect to such plans.

(d) The Landlord may at any time and from time to time inspect the Tenant's goods on the Premises and the Tenant's records for the purpose of identifying the nature of such goods and the existence of any Hazardous Substances. The Tenant shall assist the Landlord in such inspections. For greater certainty, the exercise of the Landlord's rights pursuant to this Section 7.8 shall not be deemed a re-entry or a breach of quiet enjoyment.

(e) If the Tenant or any Party Related to the Tenant (hereinafter defined) brings or creates on or within the Premises any Hazardous Substances then, notwithstanding any rule of law to the contrary, such Hazardous Substances shall be and remain the sole and exclusive property of the Tenant and shall not become the property of the Landlord, notwithstanding the degree of affixation to the land and notwithstanding the expiry or earlier termination of this Lease.

(f) The Tenant shall not discharge nor permit the discharge of any Hazardous Substances into any waters, ditches, culverts, drains or sewers on or adjacent to the Lands, and the Tenant shall take all reasonable measures for ensuring that any effluent discharged shall not be corrosive, poisonous or otherwise harmful to any sewage disposal works or to the bacteriological process of sewage purification. The Landlord shall be permitted access to the Premises from time to time to test and monitor the effluent from the Tenant's operations. In addition, the Tenant shall not dispose of, discharge or accumulate or permit to be disposed or, discharged or accumulated on, in or under the Lands any Hazardous Substances.

(g) The Tenant hereby agrees to indemnify and hold harmless the Landlord and its successors and assigns and their respective directors, officers, agents, attorneys and employees (collectively the "Indemnitees" and individually an "Indemnatee") from and against all claims, demands, damages, losses, liabilities, obligations, penalties, fines, actions, causes of action, judgments, suits, proceedings, costs, disbursements and expenses (including, without limitation, fees, disbursements and costs of lawyers, environmental consultants, experts, and remediation of the Premises or the Lands and any adjacent properties, water bodies or areas of the environment), and all reasonably foreseeable damages (collectively "Losses") arising from or in connection with:

- (i) any breach of or non-compliance with the provisions of this Section 7.8 by the Tenant; or
- (ii) any release or alleged release of any Hazardous Substances at or from the Premises or the Lands related to or as a result of the use and occupation of the Premises or the Lands, or any act or omission of the Tenant or any Parties Related to the Tenant with respect thereto, in each case whether prior to or during the Term as renewed and extended from time to time

(h) The Tenant shall, at its sole cost, not later than six (6) months prior to the end of the Term or renewal term, if any, complete a site assessment satisfactory to the Landlord, acting reasonably, to determine the environmental condition of the Land.

(i) The obligations of the Tenant in this Section 7.8 shall survive the expiry or earlier termination of this Lease. If the performance of those obligations requires access to the Premises, the Tenant shall have such access only at such times and upon such terms and conditions as the Landlord may specify. The Landlord may, at the Tenant's cost and expense, undertake the performance of any necessary work in order to complete such obligations of the Tenant. Having commenced such work, the Landlord shall have no obligation to the Tenant to complete such work.

ARTICLE 8- INSURANCE AND INDEMNITY

SECTION 8.1 - INSURANCE

(a) The Tenant shall maintain the insurance required to be maintained by the Landlord, as tenant under the Head Lease, pursuant to the Head Lease throughout the Term and any period when it is in possession of the Premises, provided that all references in Article 14 of the Head Lease to "the Sublandlord" shall be deemed to be references to the Landlord and the Head Landlord. The Tenant shall comply with the obligations of the Landlord, as tenant under the Head Lease, set out in Article 14 and Schedule C of the Head Lease with respect to such insurance throughout the Term and any period when it is in possession of the Premises (provided that all notices or approvals required to be given pursuant to the provisions of Article 14 and Schedule C of the Head Lease shall also be required to be given to or by the Landlord hereunder, as the case may be).

(b) Each policy of insurance required to be maintained by the Tenant herein shall name the Tenant as named insured and the Landlord, the Head Landlord and any Mortgagee, or such other person that the Landlord (acting reasonably) may require as additional insureds as their respective interests may appear with respect to liability coverage and as loss payees as their respective interests may appear with respect to property and boiler coverage.

(c) Notwithstanding anything to contrary contained herein, the Tenant shall take out any other form of insurance and with whatever higher limits the Landlord, acting reasonably, or the Mortgagee requires from time to time, in form, in amounts and for risks against which a prudent tenant would insure.

(d) For greater certainty, the Tenant shall deliver certificates of insurance duly executed by the Tenant's insurers evidencing that the required insurance is in force as soon as possible after the placing of the

insurance. No review or approval of any insurance certificate or insurance policy by the Landlord derogates from or diminishes the Landlord's rights under this Lease.

In addition to the above insurance, during the Term, the Tenant shall place insurance coverage on and with respect to the Premises, which coverage shall include the following:

(e) all risks insurance for the full replacement cost of the Building as determined by the Landlord (acting reasonably), and which shall include broad-form boiler and machinery insurance covering property damage;

and the Tenant hereby assigns to the Landlord the proceeds of such insurance as its interest may appear.

SECTION 8.1A – ASSIGNMENT OF INSURANCE PROCEEDS

The Tenant agrees and covenants with the Landlord that it shall, forthwith upon request by the Landlord in connection with financing to be obtained by the Landlord on the security of the Building, execute such assignment of proceeds of the insurance to be maintained by the Tenant under Section 8.1(e) as may be required by a Mortgagee.

SECTION 8.2 – INCREASE IN INSURANCE PREMIUMS OR CANCELLATION OF INSURANCE

The Tenant shall comply promptly with the requirements of any insurer pertaining to the Premises. The Tenant shall not do or omit to do or permit to be done or omitted, upon, about or in respect of all or any portion of the Premises any act or thing whatsoever, the doing or omission of which, as the case may be, may increase the hazard of fire or other casualty or liability of any kind or which may increase the premium rate of insurance against loss by fire or other casualty or liability upon all or any portion of the Premises or invalidate any policy of insurance of any kind upon or in respect of the same. The Tenant shall not do or permit anything to be done that results in the cancellation or threatened cancellation or the reduction of coverage, or threatened reduction of coverage, under any insurance policy on the Premises or any part of it. If any such insurance policy is 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 delivery of notice of termination to the Tenant.

SECTION 8.3 – LANDLORD'S INSURANCE

During the Term, the Landlord shall place the following insurance coverage on and with respect to the Premises:

(a) as an extension to the insurance maintained pursuant to Section 8.1(e), insurance on the rental income derived by the Landlord from the Premises on a gross rental income form with a period of indemnity of not less than two years or such longer period as estimated by the Landlord from time to time which would be required to rebuild the Building in the event of the complete destruction thereof;

(b) general third party liability insurance for protection of the Landlord against all claims for bodily injury, including death, and for property damage occurring in, on or about the Premises for which the Landlord is legally liable, in respect of injury to or death of one or more persons, in respect of one or more occurrences, and in respect of damage to property and including all contractual obligations coverage and including actions of the employees, contractors, subcontractors and agents working on behalf of the Landlord; and

(c) such other insurance as it is or may become customary for owners of property to carry for loss of or damage to the Lands or liability arising therefrom.

Notwithstanding the foregoing, the Landlord may elect, at any time and from time to time during the Term, to self-insure any of the loss or damage described in this Section 8.3 up to the limits described. If the Landlord so elects to self-insure, the Landlord shall be treated as a co-insurer to the extent that it shall not have insured with insurance companies.

SECTION 8.4- LOSS OR DAMAGE

(a) Notwithstanding anything to the contrary contained in this Lease, neither the Head Landlord, the Landlord or the Mortgagee (collectively and individually the "**Released Person**") is or shall be responsible or liable and the Tenant assumes the sole responsibility and liability for the condition, operation, maintenance and management of the Premises, reasonable wear and tear excepted, provided that this shall not derogate from any of the rights of the Landlord herein contained.

(b) Notwithstanding anything to the contrary contained in this Lease, none of the Released Persons shall be responsible or liable and the Tenant assumes the sole responsibility and liability for any:

- (i) injury to, or death of, the Tenant, any officer, director, agent, servant, employee, contractor or subcontractors of the Tenant or any sublessee, licensee or invitee of the Tenant or Person for whom the Tenant is in law responsible or over whom the Tenant may reasonably be expected to exercise control or any Person having business with the Tenant (all of the aforementioned Persons (excluding the Tenant) in this Lease are herein collectively called the "**Parties Related to the Tenant**"); and
- (ii) damage to or loss of the Premises or any property of (or the responsibility of) the Tenant or Parties Related to the Tenant,

(whether or not due to negligence of the Tenant or Parties Related to the Tenant), unless caused by the negligence or wilful misconduct of the Landlord or those for whom the Landlord is, at law, responsible and, without limiting the generality of the foregoing, which may be directly or indirectly caused or occasioned by:

- (A) fire, explosion, falling plaster, steam, electricity, gas, fumes, vapour, water works, water, rain water, flood, sleet, snow, ice, melted sleet, obstructions, sprinkler, drainage pipe, plumbing works or leaks from or comprising all of any portion of the Premises or elsewhere;
- (B) the condition, arrangement, lack of repair, misrepair, defects or operation of all or any portion of the Premises;
- (C) breach, violation or non-performance by the Tenant of any term or provision of this Lease;
- (D) use, non-use, occupation, possession, operation, maintenance in, to, about or of, all or any portion of the Premises; or
- (E) Tenant's Repairs (hereinafter defined);

provided that this shall not derogate from any of the rights of the Landlord herein contained.

SECTION 8.5 – INDEMNIFICATION OF THE LANDLORD

Notwithstanding anything else in this Lease, the Tenant shall be responsible for, and shall indemnify and save harmless the Landlord from and against all liabilities, losses, suits, claims, demands, amounts, liens, damages, actions and injury, of any kind whatsoever, which the Landlord may sustain, incur, suffer, or be put to by reason of any:

- (a) breach, violation or non-performance by the Tenant of any term or provision of this Lease;
- (b) injury, death, loss or damage referred to in Section 8.4;

- (c) use, non-use, occupation, possession, operation, maintenance in, to, about, or of, all or any portion of the Premises by the Tenant or Parties Related to the Tenant; or
- (d) Tenant's Repairs,

provided that in no event shall the Tenant be liable for or obligated to indemnify the Landlord from and against any liabilities, losses, suits, claims, demands, amounts, liens, damages, actions or injury, of any kind whatsoever, arising from a breach by the Landlord, or those for whom the Landlord is at law responsible, of any of its obligations hereunder, including, without limitation, the Landlord's obligation to maintain and repair the structural elements of the Building and the structural elements of the roof.

ARTICLE 9 – MAINTENANCE, REPAIRS AND ALTERATIONS

SECTION 9.1 – MAINTENANCE AND REPAIRS BY THE TENANT

- (a) The Tenant agrees that, at the Commencement Date, the Premises were in good order and repair.
- (b) The Tenant shall at all times during the Term and any renewal thereof and at its own expense promptly repair, clean, renew and maintain the Premises, reasonable wear and tear excepted, to the standard of a reasonably prudent tenant and having regard to the character and location of the Building, including, without limiting the foregoing, the exterior, interior and floor of the Building, all wiring, all sprinkler systems, any and all fences, paved areas and landscaped areas, all water, sewer and gas connections, pipes and mains, and all other fixtures, machinery, facilities, equipment and appurtenances comprising the Premises or any part thereof, structural repairs and replacements, including, without limitation, structural repairs and replacements to and of the roof, only excepted. The Tenant shall keep the roof and the drains of the Building free and clear of snow and ice or other materials which might impair or damage the roof or any other portion of the Building, provided that in removing any snow, ice or other materials from the roof and drains the Tenant shall take all reasonable precautions to avoid any damage to the roof or the drains. Without limiting the generality of the foregoing, the Tenant shall:
 - (i) keep the driveways, walks, sidewalks and curbs forming part of or adjoining to the Lands clean and free of snow and ice;
 - (ii) keep any flower beds properly cultivated and planted, the lawns and grounds watered, weeded and mowed, and any shrubs and trees properly trimmed and replaced where necessary; and
 - (iii) maintain and replace where necessary the landscaping, paved areas and roadways on the Lands and shall keep the Lands free of debris and neat and tidy at all times, all to the satisfaction of the Landlord and the Head Landlord.

(c) At the end or sooner termination of the Term or any renewal thereof the Tenant shall yield up to the Landlord, without notice from the Landlord, the Premises and all fixtures (but not the Tenant's trade fixtures), repaired, decorated, paved, cleaned, renewed and maintained in the condition required under this Lease.

SECTION 9.2 – APPROVAL OF THE TENANT'S ALTERATIONS AND REPAIRS

(a) The Tenant shall make no alterations, additions, repairs (including those required to be performed by the Tenant pursuant to Section 9.1) and renovations to or removal from the Premises (herein called "**Tenant's Repairs**") without the prior written approval of the Landlord, which approval may not be unreasonably withheld or delayed, and only by contractors approved by the Landlord (acting reasonably), and the Head Landlord if required under the Head Lease. The Tenant shall submit to the Landlord and, if required under the Head Lease, the Head Landlord in respect of any proposed Tenant's Repairs:

- (i) details of the proposed work including drawings and specifications prepared by qualified architects and engineers and conforming to good engineering practice;
- (ii) such reasonable provision or security as the Landlord or Head Landlord requires for indemnification from and against all liabilities, demands, liens, damages, actions, and injury, of any kind whatsoever, which the Landlord or the Head Landlord may sustain, incur, suffer or be put to by reason of the Tenant's Repairs; and
- (iii) evidence satisfactory to the Landlord and the Head Landlord that the Tenant has obtained, at its expense, all necessary consents, permits, licenses, and inspections from all governmental and regulatory authorities having jurisdiction, as may be required pursuant to the Head Lease.

(b) Notwithstanding the foregoing, neither the Landlord's approval nor any of the requirements under Subsections 9.2(a)(i), (ii) or (iii) shall be required in respect of Tenant's Repairs of a routine nature that do not affect the structure of the Premises and do not require the Tenant to obtain a permit to undertake in compliance with all applicable laws and do not have a cost to complete in excess of \$100,000.00, provided however, that the Tenant shall deliver as-built drawings, as applicable, to the Landlord upon completion of such Tenant's Repairs, and provided further that the Tenant shall indemnify the Landlord from and against all liabilities, demands, liens, damages, actions, and injury, of any kind whatsoever, which the Landlord or the Head Landlord may sustain, incur, suffer or be put to by reason of any Tenant's Repairs performed under this paragraph. Regardless of whether the Landlord's consent is required for Tenant's Repairs, all Tenant's Repairs shall be performed:

- (i) at the sole cost of the Tenant;
- (ii) by competent workmen in a good and workmanlike manner;
- (iii) with minimum interference to adjacent premises;
- (iv) subject to the inspection of the Landlord and the Head Landlord; and
- (v) subject to the provisions set out in Section 8.1, 8.2, 8.3, 8.4 and 8.5 of the Head Lease.

Any Tenant's Repairs made by the Tenant without the prior written consent of the Landlord where required hereunder or the Head Landlord, where required under the Head Lease, or which are not made in accordance with the drawings and specifications approved by the Landlord shall, if requested by the Landlord or the Head Landlord, be promptly removed by the Tenant, at the Tenant's expense and the Premises restored to their previous condition.

(c) If any Tenant's Repairs affect:

- (i) the structure of the Building; or
- (ii) any part of the Premises outside the Building

the Tenant shall promptly notify the Landlord, the Landlord shall deliver written notice (a "Repair Notice") to the Tenant to perform such Tenant's Repairs and the Tenant shall commence such Tenant's Repairs within 14 days after the delivery of such Repair Notice to the Tenant. The Tenant shall notify the Landlord upon completion of any Tenant's Repairs required to be made pursuant to this Section 9.2(c) and the Landlord shall be entitled to inspect such repairs and the Tenant shall pay to the Landlord the Landlord's reasonable costs of such inspection plus a sum equal to twenty percent (20%) of the cost of such inspection.

If the Tenant fails to commence and diligently pursue any Tenant's Repairs required to be made pursuant to this Section 9.2(c) within 14 days after the delivery of a Repair Notice, the Landlord may commence and effect such

repairs and the Tenant shall pay to the Landlord on demand the cost of such repairs plus a sum equal to twenty percent (20%) of the cost for the Landlord's overhead.

SECTION 9.3 – REPAIR WHERE THE TENANT IS AT FAULT

1. If the Premises or any part thereof requires repair, replacement or alteration,
 - (a) because of the negligence, fault, omission, want of skill, act or misconduct of the Tenant or Parties Related to the Tenant;
 - (b) due to the requirements of governmental authorities relating to the Tenant's conduct of business; or
 - (c) as a result of the Tenant or Parties Related to the Tenant stopping up or damaging the heating apparatus, water pipes, drainage pipes or other equipment or facilities or parts of the Premises,

the Tenant shall repair, replace, or alter the Premises, as the case may be, in compliance with its obligations pursuant to Section 9.2 hereof. For clarity, neither the Landlord's approval nor any of the requirements under Subsections 9.2(a)(i), (ii) or (iii) shall be required in respect of repairs required under this Section 9.3 that do not affect the structure of the Premises and do not require the Tenant to obtain a permit to undertake in compliance with all applicable laws and do not have a cost to complete in excess of \$100,000.00, provided however, that the Tenant shall deliver as-built drawings, as applicable, to the Landlord upon completion of such Tenant's Repairs, and provided further that the Tenant shall indemnify the Landlord from and against all liabilities, demands, liens, damages, actions, and injury, of any kind whatsoever, which the Landlord or the Head Landlord may sustain, incur, suffer or be put to by reason of any Tenant's Repairs performed under this paragraph.

2. Regardless of whether the Landlord's consent is required for any repairs required under this Section 9.3, all Tenant's Repairs shall be performed:

- (a) at the sole cost of the Tenant;
- (b) by competent workmen in a good and workmanlike manner;
- (c) with minimum interference to adjacent premises;
- (d) subject to the inspection of the Landlord and the Head Landlord; and
- (e) subject to the provisions set out in Section 8.1, 8.2, 8.3, 8.4 and 8.5 of the Head Lease.

Any repairs pursuant to this Section 9.3 made by the Tenant without the prior written consent of the Landlord where required hereunder or the Head Landlord, where required under the Head Lease, or which are not made in accordance with the drawings and specifications approved by the Landlord shall, if requested by the Landlord or the Head Landlord, be promptly removed by the Tenant, at the Tenant's expense and the Premises restored to their previous condition.

3. If any repairs required to be made pursuant to this Section 9.3 affect:
 - (a) the structure of the Building; or
 - (b) any part of the Premises outside the Building

the Tenant shall promptly notify the Landlord, the Landlord shall deliver a Repair Notice to the Tenant and the Tenant shall commence such repairs within 14 days after the delivery of such Repair Notice to the Tenant. The Tenant shall notify the Landlord upon completion of any repairs required pursuant to this Section 9.3(3) and the

Landlord shall be entitled to inspect such repairs and the Tenant shall pay to the Landlord the Landlord's reasonable costs of such inspection plus a sum equal to twenty percent (20%) of the cost of such inspection.

If the Tenant fails to commence and diligently pursue any repairs required to be made pursuant to this Section 9.3(3) within 14 days after the delivery of a Repair Notice, the Landlord may commence and effect such repairs and the Tenant shall pay to the Landlord on demand the cost of such repairs plus a sum equal to twenty percent (20%) of the cost for the Landlord's overhead.

SECTION 9.4- TENANT NOT TO OVERLOAD

1. The Tenant shall not install equipment that overloads the capacity of a utility, electrical, or mechanical facility in the Premises and shall not:

- (a) bring into the Premises any utility, electrical, or mechanical facility or service of which the Landlord does not approve (acting reasonably); or
- (b) bring upon the Premises, anything that might damage them or overload the floors.

If damage is caused to the Premises by the act, neglect, fault, want of skill, or misuse of or by the Tenant or Parties Related to the Tenant, the Tenant shall repair the damage. For clarity, neither the Landlord's approval nor any of the requirements under Subsections 9.2(a)(i), (ii) or (iii) shall be required in respect of repairs required under this Section 9.4 that do not affect the structure of the Premises and do not require the Tenant to obtain a permit to undertake in compliance with all applicable laws and do not have a cost to complete in excess of \$100,000.00, provided however, that the Tenant shall deliver as-built drawings, as applicable, to the Landlord upon completion of such Tenant's Repairs, and provided further that the Tenant shall indemnify the Landlord from and against all liabilities, demands, liens, damages, actions, and injury, of any kind whatsoever, which the Landlord or the Head Landlord may sustain, incur, suffer or be put to by reason of any Tenant's Repairs performed under this paragraph.

2. Regardless of whether the Landlord's consent is required for any repairs required under this Section 9.4, all Tenant's Repairs shall be performed:

- (a) at the sole cost of the Tenant;
- (b) by competent workmen in a good and workmanlike manner;
- (c) with minimum interference to adjacent premises;
- (d) subject to the inspection of the Landlord and the Head Landlord; and
- (e) subject to the provisions set out in Section 8.1, 8.2, 8.3, 8.4 and 8.5 of the Head Lease.

Any repairs pursuant to this Section 9.4 made by the Tenant without the prior written consent of the Landlord where required hereunder or the Head Landlord, where required under the Head Lease, or which are not made in accordance with the drawings and specifications approved by the Landlord shall, if requested by the Landlord or the Head Landlord, be promptly removed by the Tenant, at the Tenant's expense and the Premises restored to their previous condition.

3. If any repairs required to be made pursuant to this Section 9.4 affect:

- (a) the structure of the Building; or
- (b) any part of the Premises outside the Building

the Tenant shall promptly notify the Landlord, the Landlord shall deliver a Repair Notice to the Tenant and the Tenant shall commence such repairs within 14 days after the delivery of such Repair Notice to the Tenant. The Tenant shall notify the Landlord upon completion of any repairs required pursuant to this Section 9.4(3) and the Landlord shall be entitled to inspect such repairs and the Tenant shall pay to the Landlord the Landlord's reasonable costs of such inspection plus a sum equal to twenty percent (20%) of the cost of such inspection.

If the Tenant fails to commence and to diligently pursue any repairs required to be made pursuant to this Section 9.4(3) within 14 days after the delivery of a Repair Notice, the Landlord may commence and effect such repairs and the Tenant shall pay to the Landlord on demand the cost of such repairs plus a sum equal to twenty percent (20%) of the cost for the Landlord's overhead.

SECTION 9.5 – REMOVAL AND RESTORATION BY THE TENANT

All Tenant's Repairs done by the Tenant, or by the Landlord or others (if permitted hereunder) for the Tenant (but not the Tenant's trade fixtures) are the property of the Landlord on affixation or installation, without compensation to the Tenant. Notwithstanding anything herein contained, the Landlord shall be under no obligation to repair, maintain, replace or insure such Tenant's Repairs. The Tenant shall not remove Tenant's Repairs or trade fixtures from the Premises at any time except that:

- (a) the Tenant may during the Term in the normal course of its business and on obtaining the prior written consent of the Landlord, which consent may not be unreasonably withheld or delayed, remove its trade fixtures if they have become excess for the Tenant's purposes, or the Tenant substitutes new and similar trade fixtures; and
- (b) the Tenant shall, at the expiry or earlier termination of this Lease, remove at its own expense its trade fixtures and those of its leasehold improvements that the Landlord requires be removed and, if required by the Landlord, the Building. The Tenant shall at its own expense repair any damage caused to the Premises or the Lands by such removal. If the Tenant, fails to promptly remove the trade fixtures and such leasehold improvements and the Building in accordance with the Landlord's requirements, then the Landlord may enter onto the Land and the Premises and remove therefrom all or part of such trade fixtures, leasehold improvements and the Building without any liability and at the expense of the Tenant which expense shall forthwith be paid by the Tenant to the Landlord, together with an administration fee of twenty percent (20%) of such expense. If the Tenant does not remove its trade fixtures on the expiry or earlier termination of the Term, they shall, at the Landlord's option, become the property of the Landlord. The Tenant's obligations pursuant to this Section 9.5(b) shall survive the expiry or sooner termination of the Term.

The Tenant's trade fixtures do not include any Tenant's Repairs, heating, ventilating and air conditioning systems, facilities and equipment in or serving the Premises, floor covering that is affixed, light fixtures, doors, internal stairways, or anything that would not normally be considered a trade fixture, all of which are considered as leasehold improvements.

SECTION 9.6 – TENANT TO DISCHARGE ALL LIENS

The Tenant shall ensure that no lien arising from any work, materials or services done, supplied or performed in respect of the Premises is registered against the Lands or any part of it or against the Landlord's interest in the Lands, or against the Tenant's interest in the Premises by any Person claiming by, through, under or against the Tenant or Parties Related to the Tenant. If the Tenant defaults under this Section the Landlord may, upon forty-eight (48) hours' notice to the Tenant requesting the discharge of the lien, discharge the lien by paying the amount claimed to be due into court or directly to the lien claimant and the amount paid, as well as the costs and expenses (including solicitor's fees on a solicitor and own client basis) incurred as the result of the registration of the lien, including the discharge of the lien, shall be paid by the Tenant to the Landlord on demand.

SECTION 9.7 – SIGNS AND ADVERTISING

The Tenant shall not construct, erect, place or install any graphics, designs, poster, sign or display of any kind whatsoever on the exterior of the Building, in the Building if visible from the outside of the Building, or on the Lands without first obtaining the written consent of the Landlord, which consent may not be unreasonably withheld or delayed, the Head Landlord and, if required, the Corporation of Delta. The cost of installing, maintaining, changing and removing all such approved signage or displays shall be borne by the Tenant. The Tenant may advertise, promote and display for sale within the confines of the Building only good or services that relate directly to the Tenant's operations conducted under this Lease. The Tenant shall not erect any sign on the Premises other than in accordance with this Section 9.7 and upon the expiration of the Term or early termination of this Lease the Tenant shall remove the same if, and only if, notified by the Landlord with a request to do so. The Tenant shall at its own expense repair any damage caused to the Premises or the Lands by such removal.

SECTION 9.8 – NOTICE BY TENANT

The Tenant shall notify the Landlord when the Tenant becomes aware of any damage to, or deficiency or defect in, the Premises or any part thereof, notwithstanding that the Landlord may have obligations with respect to such damage, deficiency or defect.

SECTION 9.9 – INSPECTIONS

The Landlord, upon 24 hours' prior written notice, and the Head Landlord may, at all times, enter and view the state of repair of the Premises and the Tenant shall promptly repair, maintain, replace, and rebuild the Premises, as the Landlord (acting reasonably) or the Head Landlord directs, in accordance with the Tenant's obligations pursuant to Section 9.1. For greater certainty, the Tenant's obligations pursuant to Section 9.1 shall not be deemed to be waived in any respect not covered by a direction by the Landlord or the Head Landlord pursuant to this Section 9.9.

SECTION 9.10 – LANDLORD'S COVENANTS

The Landlord shall, at its own cost, keep the structural elements of the Building (including the structural elements of the roof) in good repair and condition, having regard to the age and condition of the Building as at the Commencement Date, reasonable wear and tear excepted.

ARTICLE 10– DAMAGE AND DESTRUCTION AND EXPROPRIATIONSECTION 10.1 – INTERPRETATION OF ARTICLE 10

In this Article:

- (a) **"Damage"** means damage to the Premises (including but not limited to, smoke and water damage and damage that amounts to destruction) that:
 - (i) for the purpose of Section 10.2 results from a peril against which the Tenant is insured or is required to be insured pursuant to this Lease; and
 - (ii) for the purpose of Section 10.3 results from any cause,
 and **"Damaged"** has a corresponding meaning;
- (b) **"Usable"** means usable by the Tenant for the purpose contemplated by this Lease; and
- (c) **"Insurance Proceeds"** means the insurance proceeds received by the Tenant pursuant to the insurance coverage maintained under Sections 8.1(e) and (f) or, if the Tenant is in breach of its

obligations to insure pursuant to Sections 8.1(e) and (f), an amount equal to the insurance proceeds the Tenant would have received if the Tenant had so insured.

SECTION 10.2 – DAMAGE TO THE PREMISES

Subject to Section 10.3, if there is Damage, the Tenant shall promptly pay to the Landlord the Insurance Proceeds and, following such payment, the Landlord shall repair or reconstruct the Damage promptly. If part or all of the Building is not Usable because of the Damage, Rent shall abate in the same proportion as such unusable area of the Building bears to the Leasable Area of the Building, provided that if Damage to a portion of the Building prevents the Tenant from conducting its core business activities in the Building, Rent shall abate entirely, from the date of the Damage until the earlier of:

- (a) the date when the whole of the Building is Usable again; or
- (b) thirty (30) days after substantial completion of the repair of the Damage.

When the Landlord notifies the Tenant that it has completed enough repair of the Damage to enable the Tenant to start the Tenant's Repairs, the Tenant shall complete the Tenant's Repairs and re-open the whole of the Premises for business as soon as possible but in any case within thirty (30) days after the Landlord's notice. No capital allowance, inducement to lease, or other payment that was made to the Tenant at the time of, or in connection with the original construction of the Building shall be payable by the Landlord to the Tenant.

SECTION 10.3 – DAMAGE TO OR EXPROPRIATION OR CONDEMNATION OF THE PREMISES

(a) Despite anything else in this Lease, if more than fifty (50%) percent of the Leasable Area of Building is Damaged, expropriated or condemned, and cannot be rebuilt or replaced within 2 years after the date of such Damage, expropriation or condemnation (in the opinion of the Landlord, acting reasonably), either the Landlord or the Tenant may, by written notice to the other party within one hundred and eighty (180) days after the Damage, expropriation or condemnation, terminate this Lease, effective one hundred and eighty (180) days after the notice, and all Rent will abate as of the effective date of the termination.

(b) For greater certainty, and notwithstanding that the Landlord or the Tenant terminates this Lease pursuant to Section 10.3(a), if there is Damage, the Tenant shall promptly pay to the Landlord the Insurance Proceeds.

(c) If the Premises are Damaged, expropriated or condemned to the extent described in Section 10.3(a) and neither the Landlord nor the Tenant terminates this Lease pursuant to Section 10.3(a), and the Tenant has paid to the Landlord the Insurance Proceeds, the Landlord shall promptly rebuild or repair the Premises to the extent of its obligations under this Lease but the Landlord may use plans and specifications and working drawings, approved by the Tenant, acting reasonably and without undue delay, that are different in content from those used in the original construction of the Building or any part of it and the rebuilt or repaired Building may be different in configuration or design from the Building before the Damage, expropriation or condemnation. When the Landlord notifies the Tenant that it has completed enough of such rebuilding or repair to enable that Tenant to start the Tenant's Repairs, the Tenant shall complete the Tenant's Repairs and recommence operating its business from the Premises as soon as possible. No capital allowance, inducement to lease or other payment that was made to the Tenant at the time of, or in connection with, the original construction of the Building shall be paid by the Landlord to the Tenant.

(d) The Landlord and the Tenant shall co-operate with each other if there is an expropriation of all or part of the Premises, so that each may receive the maximum award that it is entitled to at law. The Tenant shall have no claim upon the Landlord for the value of its property or the unexpired portion of the Term but the Landlord and the Tenant shall each be entitled to separately advance their claim for compensation for the loss of their respective interests (which, in the case of the Tenant, shall include the value of the fixtures on the Lands) and to receive and

retain such compensation as may be awarded to each, respectively. If an award of compensation made to the Landlord specifically include an award for the Tenant, the Landlord shall account therefor to the Tenant.

ARTICLE 11- ASSIGNMENT AND SUBLETTING

SECTION 11.1 – CONSENT TO ASSIGNMENT REQUIRED

The Tenant shall not assign this Lease in whole or in part, nor mortgage, charge or otherwise encumber (including without limitation, by way of floating charge debenture) this Lease or the Premises or any part thereof (all of the foregoing being hereinafter collectively referred to as a "Transfer"), without the prior written consent of the Landlord, which consent may not be unreasonably withheld or delayed, the Head Landlord and the Corporation of Delta in each instance. The consent by the Landlord, the Head Landlord and the Corporation of Delta to any Transfer, if granted, shall not constitute a waiver of the necessity for such consent to any subsequent Transfer. This prohibition against a Transfer is construed so as to include a prohibition against any Transfer by operation of law and no Transfer shall take place by reason of a failure by the Landlord, the Head Landlord or the Corporation of Delta to give notice to the Tenant as required by Section 11.2.

If there is a permitted Transfer of this Lease, the Landlord may collect Rent from the assignee (all of the foregoing being hereinafter collectively referred to as the "Transferee"), and apply the net amount collected to the Rent required to be paid pursuant to this Lease, but no acceptance by the Landlord of any payments by a Transferee shall be deemed a waiver of this covenant, or the acceptance of the Transferee as Tenant, or a release of the Tenant from the further performance by the Tenant of the covenants or obligations on the part of the Tenant herein contained. Any document or consent evidencing such Transfer of this Lease if permitted or consented to by the Landlord, the Head Landlord and the Corporation of Delta shall be prepared by the Landlord or its solicitors, and all reasonable legal and administration costs with respect of Section 11.3 thereto shall be paid by the Tenant to the Landlord forthwith upon demand. Any consent by the Landlord shall be subject to the Tenant causing any such Transferee to promptly execute an agreement directly with the Landlord agreeing to be bound by all of the terms, covenants and conditions contained in this Lease as if such Transferee had originally executed this Lease as Tenant. Notwithstanding any such Transfer permitted or consented to by the Landlord, the Tenant shall be jointly and severally liable with the Transferee on this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease.

Notwithstanding the above, the Tenant shall have the right to sublet all or any part of the Premises to any entity on commercially reasonable terms, provided that:

- (a) the Tenant delivers written notice of such subletting to the Landlord not less than 30 days prior to the commencement date of the sublease; and
- (b) notwithstanding any such subletting, the Tenant shall be jointly and severally liable with the sublessee on this Lease and shall not be released from performing any of the terms, covenants and conditions of this Lease.

SECTION 11.2 – LANDLORD'S OPTION

If the Tenant intends to effect a Transfer of all or any part of the Premises or this Lease, in whole or in part, or any estate or interest hereunder, then and so often as such event shall occur, the Tenant shall give prior written notice to the Landlord of such intent, specifying therein the proposed Transferee and providing such information with respect thereto, including without limitation, information concerning the principals thereof and such credit, financial or business information relating to the proposed Transferee as the Landlord, the Head Landlord, the Corporation of Delta or the Mortgagee requires, and the Landlord shall notify the Tenant in writing either, that:

- (a) it consents or does not consent to the Transfer in accordance with the provisions and qualifications in this Article 11; or

- (b) it elects to cancel this Lease in preference to the giving of such consent.

If the Landlord elects to cancel this Lease as aforesaid, the Tenant shall notify the Landlord in writing within fifteen (15) days thereafter of the Tenant's intention either to refrain from such Transfer or to accept the cancellation of this Lease. If the Tenant fails to deliver such notice within such period of fifteen (15) days, this Lease shall thereby be terminated upon the expiration of the said fifteen (15) day period and the parties shall be released from their respective obligations hereunder unless such obligations arose at any time prior to the termination of this Lease or are expressly stated to survive the termination of this Lease. If the Tenant advises the Landlord within such fifteen (15) day period that it intends to refrain from such Transfer, then the Landlord's election to cancel this Lease as aforesaid shall become null and void in such instance.

SECTION 11.3 – NO ADVERTISING OF THE PREMISES

The Tenant shall not print, publish, post, display or broadcast any notice or advertisement or otherwise advertise the whole or any part of the Premises for purposes of a Transfer, and shall not permit any broker or other Person to do any of the foregoing, unless the complete text and format of any such notice, advertisement or offer is first approved in writing by the Landlord, which approval may not be unreasonably withheld or delayed.

SECTION 11.4 – CONSENT TO TRANSFER

In considering whether to grant consent to a Transfer, a Share Transfer or a Unit Transfer (in addition to any other statutory or common law conditions or tests in respect of the withholding of consent), the Landlord may refuse to give its consent if:

- (a) the proposed transferee, shareholder or partner:
 - (i) does not have a history of successful business operation in the business to be conducted in the Premises;
 - (ii) does not have a good credit rating and a substantial net worth; or
 - (iii) is not able to finance the acquisition of its interest in the Premises or its interest in the shares or the partnership units of the Tenant and the Tenant's operations in the Premises without a material risk of defaulting under this Lease and in a manner that will enable the Tenant to carry on business successfully in the Premises throughout the Term;
- (b) there is a history of defaults under commercial leases by the proposed transferee, shareholder or partner, or by companies or partnerships that the proposed transferee, shareholder or partner was a principal shareholder of or partner in at the time of the defaults;
- (c) the length of time since the previous Transfer, Share Transfer or Unit Transfer is less than twenty-four (24) months; or
- (d) the Landlord does not receive sufficient information from the Tenant or the proposed transferee, shareholder or partner to enable it to make a determination concerning the matters set out above;

and the Landlord shall not be liable for any claims, actions, damages, liabilities or expenses of the Tenant or any proposed transferee, shareholder or partner arising out of the Landlord unreasonably withholding its consent to such Transfer, Share Transfer or Unit Transfer and the Tenant's only recourse shall be to bring an application for a declaration that the Landlord shall grant its consent to such Transfer, Share Transfer or Unit Transfer.

If the annual basic rent and additional rent (net of reasonable out of pocket costs for commissions, cash allowances, alterations required by and made for the Transferee by the Tenant, rent free periods, or other tenant inducements, amortized on a straight line basis over the term of the Transfer) to be paid by the Transferee under such Transfer

exceeds the Base Rent and Additional Rent payable by the Tenant hereunder, the amount of such excess shall be paid by the Tenant to the Landlord. If the Tenant receives from any Transferee, either directly or indirectly, any consideration other than annual basic rent or additional rent for such Transfer, whether in the form of cash, goods or services, the Tenant shall immediately pay to the Landlord an amount equivalent to such consideration.

SECTION 11.5 – CORPORATE OWNERSHIP

(a) If the Tenant is a corporation or the Landlord has consented to a Transfer of this Lease to a corporation, then any transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription, from time to time of all or any part of the corporate shares of the Tenant or of any parent or subsidiary corporation of the Tenant (if such parent or subsidiary corporation is not a public corporation or is not issuing shares into a public offering) or any corporation which is an associate or affiliate of the Tenant (if such associate or affiliate is not a public corporation or is not issuing shares into a public offering) (as those terms are defined pursuant to the *Canada Business Corporations Act* and amendments thereto), which results in any change in the present effective voting control of the Tenant by the Person holding such voting control at the date of execution of this Lease (or at the date a Transfer of this Lease to a corporation is permitted) (all of the foregoing being hereinafter referred to as a "**Share Transfer**") and which does not receive the prior written consent of the Landlord in each instance (which consent shall not be unreasonably withheld or delayed) entitles the Landlord to terminate this Lease upon fifteen (15) days' written notice to the Tenant.

(b) The Tenant shall make available to the Landlord, or to its lawful representatives, the share register of the Tenant for inspection at all reasonable times, in order to ascertain whether there has been any change in control of the Tenant corporation.

(c) Notwithstanding the foregoing, Section 11.4 and this Section 11.5 shall not apply to a Share Transfer:

- (i) that occurs as a result of the death of the transferor; or
- (ii) if and so long as the Tenant is a public corporation whose shares are traded and listed on any recognized stock exchange in Canada or the United States; or
- (iii) if such Share Transfer is to a parent, subsidiary, associate or affiliate (as such terms are defined pursuant to the *Canada Business Corporations Act*) of 6922767 Holding S.á r.l. provided that the Tenant shall promptly notify the Landlord of any such Share Transfer.

SECTION 11.6 – PARTNERSHIP OWNERSHIP

(a) If the Tenant is a partnership or the Landlord has consented to a Transfer of this Lease to a partnership, then any transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription, from time to time of all or any part of the partnership units of the Tenant or of any parent or subsidiary partnership of the Tenant or any partnership which is an associate or affiliate of the Tenant (as those terms are defined pursuant to the *Canada Business Corporations Act* and amendments thereto), which results in any change in the present effective voting control of the Tenant by the Person holding such voting control at the date of execution of this Lease (or at the date a Transfer of this Lease to a partnership is permitted) (all of the foregoing being hereinafter referred to as a "**Unit Transfer**") and which does not receive the prior written consent of the Landlord in each instance (which consent shall not be unreasonably withheld or delayed) entitles the Landlord to terminate this Lease upon fifteen (15) days' written notice to the Tenant.

(b) The Tenant shall make available to the Landlord, or to its lawful representatives, all partnership books and records of the Tenant for inspection at all reasonable times, in order to ascertain whether there has been any change in control of the Tenant partnership.

(c) Notwithstanding the foregoing, Section 11.4 and this Section 11.6 shall not apply to a Unit Transfer that occurs as a result of the death of the transferor.

SECTION 11.7 – ASSIGNMENT BY THE LANDLORD

Subject to the immediately following paragraph, the Landlord may sell, lease, assign or otherwise dispose of the Premises or any part thereof or this Lease without the consent of the Tenant provided that any such sale, lease, assignment, or disposition shall not be to a person or entity (or to any person or entity with an affiliate) with business operations in the aviation industry or direct or indirect investments in the aviation industry which may conflict with the operations and interests of the Tenant unless the Landlord has obtained the Tenant's prior written consent. If, in accordance with the preceding sentence, the Landlord sells, leases or otherwise disposes of the Premises or any part thereof, or if the Landlord assigns this Lease or any interest of the Landlord hereunder, and to the extent that the purchaser, lessee under such Lease or assignee thereof has assumed the covenants and obligations of the Landlord hereunder, the Landlord shall, thereupon without further agreement, be freed and relieved of all liability with respect to such covenants and obligations.

ARTICLE 12– ACCESS AND ALTERATIONS

SECTION 12.1 – RIGHT OF ENTRY

(a) It is not a re-entry or a breach of quiet enjoyment if the Landlord enters the Premises at reasonable times after twenty-four (24) hours' written notice (but if the Landlord determines there is an emergency, no notice is required) to examine the state of repair of the Premises in accordance with Section 9.9 hereof, or to make repairs, alterations, improvements or additions to the Premises in compliance with the Landlord's obligations or rights pursuant to this Lease. This right extends to (and is not limited to) the pipes, conduits, wiring, ducts, columns and other installations in the Premises. Provided that the Landlord exercises this right so as to cause a minimum of disruption to the Tenant and the Tenant's business, Rent shall not abate or be reduced while the repairs, alterations, improvement or additions are being made and the Landlord will not be liable for any damage, injury or death caused to any Person or to the property of the Tenant or others located on the Premises as a result of the entry unless caused by the negligence or wilful misconduct of the Landlord or those for whom the Landlord is, at law, responsible.

(b) The Tenant shall permit the Landlord:

- (i) at any time within one hundred and eighty (180) days of the expiration of the Term hereof to enter the Premises at all reasonable hours for the purpose of offering the Premises for rent and exhibiting them to prospective tenants;
- (ii) to enter the Premises at all reasonable hours during the Term hereof for the purpose of offering the Premises for sale and exhibiting them to prospective purchasers;
- (iii) at any time within one hundred and eighty (180) days of the expiration of the Term to place and keep upon or about all exterior portions of the Premises signs advertising the Premises for rent; and
- (iv) at any time to place and keep upon or about all exterior portions of the Premises signs advertising the Premises for sale

provided that the Landlord shall use its reasonable efforts not to disrupt the Tenant or the Tenant's business in exercising any of its rights under this Section 12.1(b).

(c) The Tenant shall permit the Landlord and the Head Landlord to enter the Premises for the purposes specified in Section 6.4 of the Head Lease, during such times and upon such reasonable notice as set out

therein. For greater certainty, the exercise of the Landlord's or the Head Landlord's rights pursuant to this Section 12.1(c) shall not be deemed a re-entry or a breach of quiet enjoyment.

ARTICLE 13- STATUS STATEMENT, ATTORNMENT AND SUBORDINATION

SECTION 13.1 – STATUS STATEMENT

Within ten (10) days after the Landlord requests it from the Tenant, the Tenant shall deliver to the Landlord, on a form supplied by the Landlord, a status statement or certificate to any proposed Mortgagee, purchaser, or other disposee of part or all of the Lands, and to the Landlord, stating:

- (a) that this Lease is in full force and effect, except only for any modifications that are set out in the statement or certificate;
- (b) the commencement and expiry dates of the Lease;
- (c) the date to which Rent has been paid under this Lease and the amount of any prepaid Rent or any deposits held by the Landlord;
- (d) that there is not any uncured default on the part of the Landlord or if there is a default, the certificate shall state the particulars;
- (e) whether there are any set-offs, defence or counter-claim against enforcement of the obligations to be performed by the Tenant under this Lease;
- (f) with reasonable particularity, details concerning the Tenant's financial standing and corporate organization; and
- (g) any other information or statement that a proposed Mortgagee, purchaser, or disposee may reasonably require.

SECTION 13.2 – SUBORDINATION AND ATTORNMENT

(a) This Lease is and shall remain subject and subordinate to every mortgage, charge, trust deed, financing, refinancing or collateral financing and the instruments of, as well as the charge or lien resulting from all or any of them and any renewals or extensions of them from time to time now or hereafter in force (each, an "Encumbrance", and collectively, the "Encumbrances") against the Premises and the Tenant shall, on request, subordinate this Lease in the form requested by the Landlord or the Head Landlord to any Encumbrance and to all advances made or to be made on the security of the Encumbrance. The Tenant shall also attorn to the holder of any Encumbrance.

(b) If possession is taken under, or any proceedings are brought for the foreclosure of, or if a power of sale is exercised resulting from an Encumbrance, the Tenant shall attorn to the Person that so takes possession if that Person requests it and shall recognize that Person as the Landlord under this Lease.

(c) The form and content of any document effecting the subordination and attornment provided for in this Section 13.2 shall be that required by the holder of the Encumbrance in each case, and each such document shall be delivered by the Tenant to the Landlord within ten (10) days after the receipt of the Landlord's request for it.

(d) Upon the written request of the Tenant, the Landlord shall use its reasonable efforts to obtain at the Tenant's expense an agreement from any permanent financing Mortgagee of the Premises to the effect that upon the execution and delivery by the Tenant to the Landlord of the Lease and the Option, if the Tenant shall pay the Rent and comply with all of the terms and conditions contained in the Lease and the Option and attorn to the

permanent financing Mortgagee, the Tenant shall be permitted to remain in quiet possession of the Premises without interruption or disturbance from and shall retain all of its rights under the Option without modification or derogation by the permanent financing Mortgagee; or, at the option of the permanent financing Mortgagee, shall be entitled to obtain a new lease for the unexpired Term of the Lease, on the same terms and conditions as contained in the Lease, and a new option, on the same terms and conditions as contained in the Option. The Tenant shall:

- (i) promptly execute such documents as may be required by the Landlord or the Head Landlord to give effect to the foregoing; and
- (ii) indemnify the Landlord from and against all costs including legal costs incurred by the Landlord or the Head Landlord in connection with obtaining and preparing any such documents.

ARTICLE 14—DEFAULT

SECTION 14.1 – RIGHT TO RE-ENTER

(a) If the Tenant:

- (i) defaults in the payment of Rent and fails to remedy such default within 5 business days; or
- (ii) commits a breach of this Lease that is capable of remedy, other than a default in the payment of Rent, and fails to remedy the breach within fifteen (15) days after written notice that specifies particulars of the breach and requires the Tenant to remedy the breach; or
- (iii) commits a breach of this Lease that is not capable of remedy and receives written notice specifying particulars of the breach,

then, at the Landlord's option, the full amount of the current month's and the next three (3) months' instalments of Base Rent (calculated according to Section 4.2) and Additional Rent shall become due and payable and the Landlord may, in addition to any other rights or remedies it has pursuant to this Lease or by law, immediately re-enter the Premises, repossess them and expel all Persons from the Premises, and may distrain, remove all property from the Premises, sell or dispose of it as the Landlord considers appropriate, or store it in a public warehouse or elsewhere at the cost of the Tenant, all without service of notice, without legal proceedings, and without liability for loss or damage.

(b) In addition to anything else that is a breach of this Lease, if:

- (i) a report or statement required from the Tenant under this Lease is false or misleading except for a misstatement that is the result of an innocent clerical error;
- (ii) the Tenant, or a Person carrying on business in a part of the Premises becomes bankrupt or insolvent;
- (iii) a receiver or a receiver and manager is appointed for all or a part of the property of the Tenant, or of another Person carrying on business in the Premises;
- (iv) steps are taken or proceedings are instituted for the dissolution, winding-up or liquidation of the Tenant or its assets or of another Person carrying on business in the Premises;

- (v) if a petition in bankruptcy is presented against the Tenant or against another Person carrying on business in the Premises, any authorized assignment be made or any application is made under the "*Company Creditor Arrangement Act*", or for the benefit of creditors or otherwise in respect of any of them;
- (vi) the Tenant or any Person carrying on business in the Premises takes the benefit of any Act that may be in force for bankrupt or insolvent debtors;
- (vii) the Tenant makes or attempts to make a bulk sale of any of its assets (except for a bulk sale made to a Transferee when the Transfer has been consented to by the Landlord), provided always that it shall not be a breach of this Lease if the Tenant enters into a financing arrangement, in the ordinary course of the Tenant's business, providing for the bulk sale and leaseback of any of the Tenant's assets;
- (viii) the Tenant executes any chattel mortgage, or bill of sale of any of its goods or chattels, other than a bill of sale of goods in the ordinary course of the Tenant's business, without the consent of the Landlord (which consent shall not be unreasonably withheld), provided always that it shall not be a breach of this Lease if the Tenant enters into a financing arrangement, in the ordinary course of the Tenant's business, providing for the bulk sale and leaseback of any of the Tenant's assets;
- (ix) this Lease or any of the Tenant's assets on the Premises are taken or seized under a writ of execution, a chattel mortgage, charge, debenture, or other security instrument;
- (x) a writ of execution issues against the goods and chattels of the Tenant and remains unsatisfied for ten (10) days;
- (xi) the Tenant abandons or attempts to abandon the Premises, or sells or disposes of property of the Tenant or removes it from the Premises so that there does not remain sufficient property of the Tenant on the Premises subject to distress to satisfy the Rent due or accruing due;
- (xii) the Premises are vacant or unoccupied for thirty (30) consecutive days; or
- (xiii) the Tenant effects or attempts to effect a Transfer, a Share Transfer or a Unit Transfer that is not permitted by this Lease,

the Tenant will be considered to have breached this Lease, and the Landlord shall have all rights and remedies available to it under this Lease and at law.

(c) If the Landlord terminates this Lease for a default, in addition to any other remedies it may have, it may recover from the Tenant damages it incurs by reason of the default, including the cost of recovering the Premises, solicitors' fees (on a solicitor and own client basis) and including the worth at the time of the termination, of the excess, if any, of the amount of Rent required to be paid under this Lease for the remainder of the Term over the rental value, at the time, of the Premises for the remainder of the Term, and the then current month's Base Rent for the three (3) months next ensuing and all Additional Rent for the said three (3) months then ensuing, all of which amounts shall be due immediately and payable by the Tenant to the Landlord.

SECTION 14.2 – RIGHT TO TERMINATE OR RELET

No action taken by the Landlord pursuant to Section 14.1 whether under what are generally known as summary proceedings or otherwise shall be deemed to absolve, relieve, or discharge the Tenant from liability under this Lease nor to deprive the Landlord of any remedies including all claims for loss and damages. If the Landlord re-enters the Premises under Section 14.1 or if it takes possession under legal proceedings, it may, without limiting its right to

recover damages, either terminate this Lease, or it may from time to time without terminating this Lease make such alterations as may be necessary in the opinion of the Landlord in order to relet the Premises or a part of them for whatever term or terms (which may be for a term extending beyond the Term) and at whatever rent and upon whatever other terms, covenants and conditions the Landlord considers advisable. On each such reletting, the rent received by the Landlord from the reletting shall be applied, first to the payment of amounts owed to the Landlord that are not Rent, second to the payment of any costs and expenses of the reletting including brokerage fees and solicitors fees, (on a solicitor and own client basis), and the costs of any alterations or repairs needed to facilitate the reletting; third to the payment of Rent; and the residue if any shall be held by the Landlord and applied in payment of Rent as it becomes due and payable. If Rent received from reletting during a month is less than that to be paid during that month by the Tenant, the Tenant shall pay the deficiency, which shall be calculated and paid monthly in advance on or before the first day of every month. No re-entry or taking possession of the Premises by the Landlord shall be construed as an election on its part to terminate this Lease unless a written notice of termination is given to the Tenant. If the Landlord relets without terminating it may afterwards elect to terminate this Lease for the previous default.

SECTION 14.3 – EXPENSES

If Landlord prevails in legal proceedings brought for recovery of possession of the Premises, for the recovery of Rent, or because of a default by the Tenant, the Tenant shall pay to the Landlord the Landlord's expenses, including the Landlord's solicitors' fees (on a solicitor and own client basis).

SECTION 14.4 – DISTRESS

Notwithstanding the benefit of any present or future statute taking away or limiting the Landlord's right of distress, none of the goods and chattels of the Tenant on the Premises at any time during the Term shall be exempt from levy by distress for any Rent in arrears and wherever the Landlord shall be entitled to levy distress against the goods and chattels of the Tenant, the Landlord may use such force as it may deem necessary for that purpose and for gaining admission to the Premises without being liable to any action in respect thereof or for any loss or damage occasioned thereby and the Tenant hereby expressly releases the Landlord from all actions, proceedings, claims, or demands whatsoever for or on account of or in respect of any such forcible entry or any loss or damage sustained by the Tenant in connection therewith, and for purposes of this Lease the Tenant agrees that all moneys due hereunder shall be recoverable by the Landlord in the same manner as if Rent in arrears.

SECTION 14.5 – LANDLORD MAY CURE THE TENANT'S DEFAULT

If the Tenant defaults in the payment of money that it is required under this Lease to pay to a third party, the Landlord after giving five (5) days notice in writing to the Tenant, may pay all or part of the amount payable. If the Tenant defaults under this Lease (except for a default in the payment of Rent) the Landlord may, after giving reasonable notice (it being agreed that twenty-four (24) hours is reasonable notice of a default of Section 8.1), or, without notice in the case of an emergency, perform or cause to be performed all or part of what the Tenant failed to perform and may enter upon the Premises and do those things that it considers necessary for that purpose. The Tenant shall pay to the Landlord on demand, the Landlord's expenses incurred under this Article 14 plus an amount equal to twenty percent (20%) of those expenses for the Landlord's overhead. The Landlord shall have no liability to the Tenant for loss or damages resulting from its action or entry upon the Premises. In exercising its rights under this Section, the Landlord may, at its option be constituted as the Tenant's attorney.

SECTION 14.6 – APPLICATION OF MONEY

The Landlord may apply money received from or due to the Tenant against money due and payable under this Lease.

SECTION 14.7 – REMEDIES GENERALLY

The remedies under this Lease or conferred by statute or common law are cumulative. No remedy is exclusive or dependent upon any other remedy. Any one or more remedies may be exercised generally or in combination. The specifying or use of a remedy under this Lease does not limit rights to use other remedies available at law generally.

SECTION 14.8 – SURVIVAL

Notwithstanding anything to the contrary contained in this Lease, any obligation of the Tenant arising under this Lease shall continue in full force and effect until discharged even if this Lease expires or is terminated prior to such obligation being discharged.

ARTICLE 15 – OPTION TO RENEWSECTION 15.1 – OPTION TO RENEW

Provided the Tenant has duly and regularly performed its obligations under this Lease, the Tenant shall have the option to renew this Lease for the First Renewal Term and the Second Renewal Term (each called a "Renewal Term") on the same terms and conditions as are contained in this Lease, except for the amount of Base Rent payable and except for this right of renewal.

Each such Renewal Term shall commence on the day immediately succeeding the expiry of the Term or of the immediately preceding Renewal Term thereof, as the case may be. The Tenant may only exercise such options to renew this Lease by giving notice in writing to the Landlord at least twelve (12) months but no greater than eighteen (18) months prior to the date on which the intended Renewal Term would commence.

If the Tenant gives such notice to the Landlord and if the Tenant has performed its obligations under this Lease as aforesaid up to the last day on which notice would be validly given hereunder to exercise an option for a Renewal Term and if the Tenant has exercised the prior options (if any) to renew the Term, this Lease shall automatically be extended for the Renewal Term in respect of which notice was so given and the annual Base Rent shall be the greater of:

- (a) the annual Base Rent payable during the immediately preceding twelve (12) month period of the Term or the Renewal Term, as the case may be; or
- (b) the then current fair market rental value of the Premises.

For the purpose of determining the then current fair market rental value of the Premises, reference shall be made to the rental payable in arm's length transactions entered into in the preceding year for similarly improved airport premises, of a similar size, situate in British Columbia within a 200 kilometre radius of the Premises.

Any dispute between the parties as to Base Rent payable during any Renewal Term shall be settled in the following manner prior to the commencement of the Renewal Term. The parties shall endeavour to agree on the annual fair market rental value which will apply for the Renewal Term for which the Tenant has exercised its option to renew not later than one hundred and eighty (180) days preceding the date on which the intended Renewal Term would commence. If the Landlord and the Tenant are unable to agree on the annual fair market rental value for the Renewal Term for which the Tenant has exercised its option to renew, the matter shall be determined by the single arbitrator if the parties agree upon the identity of such arbitrator, and otherwise by three arbitrators, one to be appointed by the Landlord, one to be appointed by the Tenant and the third to be appointed by the two arbitrators previously appointed, pursuant to the provisions of the *Commercial Arbitration Act* (British Columbia). The expense of the arbitration shall be borne equally by the Landlord and the Tenant. Notwithstanding any provisions of this Lease, the annual Base Rent payable during any Renewal Term shall not be less than the Base Rent payable for the immediately preceding Rental Year.

ARTICLE 16 - MISCELLANEOUS

SECTION 16.1 – OVERHOLDING - NO TACIT RENEWAL

If the Tenant shall hold over after the expiration of the Term or any renewal of the Term and the Landlord shall accept Rent or any portion thereof, the new tenancy thereby created shall be deemed a monthly tenancy and not a yearly tenancy and shall be subject to the covenants and conditions contained in this Lease insofar as they are applicable to a tenancy from month to month, except that:

(a) if the Tenant remains in possession with the Landlord's written consent, the monthly instalments of Base Rent shall be one and one half (1 1/2) times the monthly instalments of Base Rent payable for the last month of the Term or any renewal of the Term, pro rated on a daily basis for each day that the Tenant remains in possession; or

(b) if the Tenant remains in possession without the Landlord's written consent, the monthly instalments of Base Rent shall be two (2) times the monthly instalments of Base Rent payable for the last month of the Term or any renewal of the Term, pro rated on a daily basis for each day that the Tenant remains in possession, and in addition the Tenant shall be liable for all costs, expenses, losses and damages resulting or arising from the failure of the Tenant to deliver up possession of the Premises to the Landlord.

SECTION 16.2 – SUCCESSORS

The rights and obligations under this Lease extend to and bind the successors and assigns of the Landlord and, if Section 11.1 is complied with, the heirs, executors, administrators and permitted successors and assigns of the Tenant. If there is more than one Tenant, they are bound jointly and severally by this Lease.

SECTION 16.3 – TENANT PARTNERSHIP

If the Tenant is a partnership, each Person who is a member of the partnership, and each Person who becomes a member of a successor of the partnership, is liable jointly and severally as Tenant under this Lease and shall continue to be liable after that Person ceases to be a member of the partnership or a successor of the partnership and after the partnership ceases to exist.

SECTION 16.4 – WAIVER

The waiver by the Landlord or the Tenant of a default under this Lease is not a waiver of any subsequent default. The Landlord's acceptance of Rent after a default is not a waiver of any preceding default under this Lease even if the Landlord knows of the preceding default at the time of acceptance of the Rent. No term, covenant or condition of this Lease shall be considered to have been waived by the Landlord or the Tenant unless the waiver is in writing. The Tenant waives any statutory or other rights in respect of abatement, set-off or compensation in its favour that may exist or come to exist in connection with Rent.

SECTION 16.5 – ACCORD AND SATISFACTION

Payment by the Tenant or receipt by the Landlord of less than the required monthly payment of Base Rent is on account of the earliest stipulated Base Rent. An endorsement or statement on a cheque or letter accompanying a cheque or payment as Rent is not an acknowledgement of full payment or an accord and satisfaction, and the Landlord may accept and cash the cheque or payment without prejudice to its right to recover the balance of the Rent and to pursue its other remedies.

SECTION 16.6 – FORCE MAJEURE

Notwithstanding anything to the contrary contained in this Lease, whenever and to the extent that the Landlord is unable to fulfil, or is delayed or restricted in the fulfilment of any obligation hereunder or in respect of the supply or

provision of any service or utility or the doing of any work or the making of any repairs by reason of being unable to obtain the material, goods, equipment, service, utility, or labour required to enable it to fulfil 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 of any governmental department or officer or other authority, or by reason of any other cause beyond its control whether of the foregoing character or not, the Landlord shall be relieved from the fulfilment of such obligation and the Tenant shall not be entitled to compensation for any loss, damage, inconvenience, nuisance or discomfort thereby occasioned.

SECTION 16.7 – NOTICES

Except as otherwise provided in this Section 16.7, notices, demands, requests or other instruments under this Lease shall be in writing and addressed, in the case of the Landlord and the Tenant, to the respective addresses specified in the Lease Summary, or to such other address in British Columbia as the parties may from time to time advise. A notice, demand, request or consent shall be considered to have been given or made on the day of actual delivery, if delivered in person, or the date of receipt at such address if mailed, or the date of facsimile transmission when so transmitted. Either party may notify the other in writing of a change of address and the address specified in the notice shall be considered the address of the party for the giving of notices under this Lease. A notice given by or to one Tenant is a notice by or to all of the Persons who are the Tenant under this Lease. The Landlord may, in addition to delivery, provide any invoice, statement of account or other billing information, demand or request of any kind or nature whatsoever to the Tenant in respect of any amount, sum or moneys payable by the Tenant hereunder by facsimile transmission and the same shall be deemed to be given when so transmitted.

SECTION 16.8 – REGISTRATION

The Tenant shall not register or permit the registration of this Lease or any assignment or sublease or other document evidencing an interest or claim of or by the Tenant in this Lease or the Premises. The Landlord, may, at the Landlord's expense, require the Tenant to execute promptly whatever document the Landlord requires for registration on the title to the Lands or any part of it in connection with this Lease.

SECTION 16.9 – QUIET ENJOYMENT

If the Tenant performs its obligations under this Lease, it may hold and use the Premises without interference by the Landlord or any other Person claiming by, through or under the Landlord, subject however to the covenants, terms and conditions of this Lease.

SECTION 16.10 – ACCEPTANCE OF THE LEASE

The Tenant has leased the Premises after examining them and the Tenant takes possession of the Premises on an as is basis.

SECTION 16.11 – NO OFFER

The submission of this Lease to the Tenant does not constitute a lease, reservation, offer or option to lease, agreement or any commitment whatsoever by the Landlord and this Lease becomes effective as a Lease and the Landlord becomes bound thereby only upon execution of the Lease by both the Landlord and the Tenant in accordance with the provisions of this Lease.

SECTION 16.12 – METRIC EQUIVALENT

Whenever there is any reference to a measurement or an area or the requirement for a measurement or calculation of an area any such measurement or area may be expressed in either units of imperial measurement or other metric equivalent as published by Canada Mortgage and Housing Corporation or any other agency of the Government of Canada designated by the Landlord.

ARTICLE 17- HEAD LEASE

SECTION 17.1 - THE HEAD LEASE

Notwithstanding anything contained herein or elsewhere to the contrary, the Tenant acknowledges and agrees that:

- (a) the Landlord's interest in the Premises is derived from the Head Lease and the Landlord is in fact a sublandlord pursuant to this Lease and the Tenant is in fact a subtenant pursuant to this Lease;
- (b) save and except for the payment of Base Rent (as defined in the Head Lease) pursuant to the Head Lease (which will remain the Landlord's responsibility), the Tenant shall comply with the obligations of the Landlord as set out in the Head Lease in all respects and may not in any manner do or fail to do or permit anything which does or could in the Landlord's reasonable opinion constitute a default by the Landlord under the Head Lease. For greater certainty, where the obligations of the Landlord under the Head Lease survive the expiry or earlier termination of the Head Lease, such obligations to be performed by the Tenant pursuant to this Section 17.1(b) shall survive the expiry or earlier termination of this Lease; and
- (c) in the event of any conflict, discrepancy, difference, ambiguity and/or contradiction in or between any of the terms and conditions contained in this Lease and the terms and conditions contained in the Head Lease, the terms and conditions contained in the Head Lease shall govern and the terms and conditions of this Lease shall be deemed to be amended accordingly. Without limiting the foregoing, all deadlines, notice periods, cure periods and the like for the benefit of the Tenant contained herein shall be abridged to ensure compliance with the Head Lease.

SECTION 17.2 - LANDLORD'S COVENANTS

The Landlord agrees with the Tenant that the Landlord shall well and timely observe and perform all of the terms, covenants and conditions contained in the Head Lease on the part of the tenant therein to be observed and performed, with the exception of those corresponding terms, covenants and conditions which the Tenant pursuant to this Lease has agreed to perform, to the intent that there shall not be a default under the Head Lease.

ARTICLE 18 - GUARANTOR

SECTION 18.1 - GUARANTEE

The Guarantor, in consideration of the Landlord leasing the Premises to the Tenant and the sum of One Dollar (\$1.00) now paid by the Landlord to the Guarantor and other valuable consideration (the receipt of all of which is hereby acknowledged by the Guarantor) hereby unconditionally agrees to and covenants with the Landlord that the Tenant will duly perform, observe and keep each and every covenant, proviso, condition and agreement in this Lease on the part of the Tenant to be performed, observed and kept, including the payment of Rent at the times and in the manner herein specified and that if any default shall be made by the Tenant, whether in payment of any Rent or in the performance, observance or keeping of any of the said covenants, provisos, conditions or agreements which under the terms of this Lease are to be performed, observed or kept by the Tenant, the Guarantor will forthwith pay to the Landlord on demand the Rent and other sums in respect of which such default shall have occurred and all loss, costs or damages that may arise in consequence of the non-observance or non-performance of any of the said covenants, provisos, conditions or agreements.

SECTION 18.2 - GUARANTOR'S COVENANTS

The Guarantor covenants with the Landlord that the Guarantor has the necessary power to give the covenants contained in this Article 18 and is jointly and severally bound with the Tenant for the fulfilment of all obligations of the Tenant under this Lease. In the enforcement of its rights hereunder the Landlord may proceed against the

Guarantor as if the Guarantor were named tenant hereunder, and any notice given by the Landlord to the Tenant shall be deemed to have been given also to the Guarantor.

The obligations of the Guarantor shall not be released, discharged, mitigated, impaired or affected by:

- (a) any extension of time, indulgences or modifications which the Landlord extends to or makes with the Tenant in respect of the observance or performance of any of the Tenant's covenants;
- (b) any waiver by or failure of the Landlord to enforce any of the Tenant's covenants;
- (c) any assignment of the Lease, sublease or parting with or sharing possession of all or part of the Premises, or conferring on any person or corporation any right enjoyed by the Tenant under the Lease, in any other manner by the Tenant or by any subtenant, trustee, receiver or liquidator;
- (d) any consent which the Landlord gives to any such assignment, subleasing, parting with or sharing possession of all or part of the Premises, or conferring on any person or corporation any right enjoyed by the Tenant under the Lease in any other manner;
- (e) any amendment to the Lease or any waiver by the Tenant of any of its rights under the Lease;
- (f) the expiration of the Term of the Lease;
- (g) the release or discharge of the Tenant in any receivership, bankruptcy, winding-up or other creditors' proceeding;
- (h) the rejection, disclaimer or termination (including without limitation termination by the Landlord) of the Lease in any proceeding; and the obligations of the Guarantor shall continue with respect to the periods prior thereto and thereafter, as if the Lease had not been disclaimed, and in furtherance hereto, the Guarantor shall, upon any such disclaimer, at the option of the Landlord, become the tenant of the Landlord for the Term of the Lease upon the same terms, covenants, agreements, stipulations, provisos, conditions, rules or regulations as are contained in the Lease, applied *mutatis mutandis*; or
- (i) any repossession of the Premises by the Landlord, provided however, that the net payments received by the Landlord after deducting all costs and expenses of repossessing and reletting the Premises shall be credited from time to time by the Landlord against the indebtedness of the Guarantor hereunder and the Guarantor shall pay any balance owing to the Landlord from time to time within five (5) business days after demand.

For greater certainty, the Guarantor agrees that its obligations under this Agreement shall be no less if the Lease is terminated by any means whatsoever (including without limitation, disclaimer or surrender) than its obligations would be if the Lease were not terminated.

SECTION 18.3 – DEFAULT

In the event of a default under the Lease, the Guarantor waives any right to require the Landlord to:

- (a) proceed against the Tenant or pursue any rights or remedies against the Tenant with respect to the Lease;
- (b) proceed against or exhaust any security held by the Landlord; or
- (c) pursue any other remedy whatsoever in the Landlord's power or otherwise available to the Landlord.

The Landlord has the right to enforce this Agreement regardless of the acceptance of any security from the Tenant or any other person and regardless of any release or discharge of the Tenant by the Landlord or by others or by operation of any law.

SECTION 18.4 - SUCCESSORS

This Article 18 shall enure to the benefit of and be binding upon the Landlord and the Guarantor and their respective heirs, executors, administrators, successors and assigns.

SECTION 18.5 – GOVERNING LAW

The Guarantor hereby submits to the exclusive jurisdiction of the courts of the Province of British Columbia in any action or proceeding whatsoever by the Landlord to enforce its rights hereunder.

IN WITNESS WHEREOF, the Landlord and the Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

0921528 B.C. LTD.

Authorized Signatory

TENANT:

HELI-ONE CANADA INC.

Authorized Signatory

Authorized Signatory

GUARANTOR:

6922767 HOLDING S.Á R.L.

Authorized Signatory

Authorized Signatory

(Attached to and forming part of this Lease)

SCHEDULE A

THE LANDS



CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

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The following constitutes the ruling of the court and has the force and effect therein described.

Signed January 24, 2017

Barbara J. Hume
United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

This is Exhibit "E" referred to in the
affidavit of ERIC LEE

sworn before me at VANCOUVER

this 9 day of FEBRUARY A.D. 2017

[Signature]
A Commissioner for taking Affidavits
within British Columbia

In re:

CHC GROUP LTD. *et al.*,

Debtors.

Chapter 11

Case No. 16-31854 (BJH)

(Jointly Administered)

**ORDER GRANTING DEBTORS' MOTION
TO REJECT A CERTAIN NONRESIDENTIAL REAL PROPERTY
LEASE PURSUANT TO SECTION 365 OF THE BANKRUPTCY CODE**

Upon the motion dated November 30, 2016 (the "**Motion**"),¹ of CHC Group Ltd. and its above-captioned debtor affiliates, as debtors and debtors in possession (collectively, the "**Debtors**"), for an order pursuant to sections 105(a) and 365(a) of title 11 of the United States

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Motion.

Code (the “**Bankruptcy Code**”) and Rules 6004 and 6006 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) for entry of an order (this “**Order**”) authorizing the Debtors to reject a certain unexpired nonresidential real property lease (the “**Lease**”), all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to (i) the Office of the United States Trustee for the Northern District of Texas; (ii) Kramer Levin Naftalis & Frankel LLP, 1177 Avenue of the Americas, New York, NY 10036 (Attn: Douglas Mannal, Esq. and Anupama Yerramalli, Esq.) and Gardere Sewell Wynne LLP, 3000 Thanksgiving Tower, 1601 Elm Street, Dallas, Texas 75201, (Attn: Marcus Helt, Esq.), counsel to the Official Committee of Unsecured Creditors; (iii) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, Bank of America Tower, New York, NY 10036 (Attn: Michael S. Stamer, Esq.), counsel to an informal group of certain unaffiliated holders of the 9.250% Senior Secured Notes Due 2020; (iv) Norton Rose Fulbright, 2200 Ross Avenue, Suite 3600, Dallas, TX 75201 (Attn: Louis R. Strubeck, Jr., Esq. and Richard P. Borden, Esq.), counsel to HSBC Bank Plc as Administrative Agent under the Revolving Credit Agreement; (v) Paul Hastings LLP, 200 Park Avenue, New York, NY 10166 (Attn: Leslie A. Plaskon, Esq. and Andrew V. Tenzer, Esq.), counsel to the administrative agent under the ABL Credit Agreement; (vi) The Bank of New York Mellon, 101 Barclay Street, Floor 4 East, New York, NY 10286 (Attn: International Corporate Trust), in its capacity as indenture trustee under the 9.250% Senior Secured Notes due 2020; (vii) Law Debenture Trust Company of New York, 400 Madison Avenue, Suite 4D, New York, NY 10017, in its capacity as indenture

trustee under the 9.375% Senior Notes due 2021; (viii) Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, NY 10178 (Attn: Glenn E. Siegel, Esq. and Rachel Jaffe Mauceri, Esq.), counsel to the indenture trustee under the 9.250% Senior Secured Notes due 2020; (ix) Chadbourne & Parke LLP, 1301 Avenue of the Americas, New York, NY 10019 (Attn: Christy L. Rivera, Esq. and Marian Baldwin Fuerst, Esq.), counsel to the indenture trustee under the 9.375% Senior Notes due 2021; (x) the Board of Equalization, P.O. Box 942879, Sacramento, CA 94279; (xi) the Securities and Exchange Commission; (xii) the Office of the United States Attorney, 1100 Commerce Street, 3rd Floor, Dallas, TX 75242; (xiii) the Internal Revenue Service; (xiv) Sidley Austin LLP, 787 Seventh Avenue, New York, NY 10019 (Attn: Michael G. Burke Esq.), counsel to Milestone and its affiliates; (xv) the Landlord; and (xvi) all parties who have requested notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002; and it appearing that no other or further notice need be provided; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates and creditors, and all parties in interest and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby ORDERED that:

1. The Motion is GRANTED as set forth herein.
2. Pursuant to section 365(a) of the Bankruptcy Code and Bankruptcy Rule 6006, the Debtors are authorized to reject the Lease related to the Boundary Bay Facility, including Debtor 6922767 Holding S.a.r.l.'s Guaranty Obligation.
3. Upon entry of this Order, the Debtors' rejection of the Lease, including Debtor 6922767 Holding S.a.r.l.'s Guaranty Obligation, shall be effective as of the date hereof.

4. Claims arising out of any rejection effected pursuant to this Order must be timely filed in accordance with the Order Pursuant to Section 502(b)(9) of the Bankruptcy Code, Fed. R. Bankr. P. 2002 and 3003(c)(3), and Local Rule 2002-1(a) Establishing the Deadline for Filing Proofs of Claim and Procedures Related Thereto and Approving the Form and Manner of Notice Thereof (the “**Bar Date Order**”) on or before **4:00 p.m. (Pacific Time)** on the date that is **thirty (30) days** after the date of entry of this Order. Any claim not timely filed will be irrevocably barred.

5. The Debtors and the Landlord reserve all rights, including, without limitation, all arguments, rights, claims, and causes of action, whether arising in law or equity, to dispute the nature and extent of their respective interests in certain property, fixtures, chattels, and other items associated with the Boundary Bay Facility (the “Property Ownership Dispute”). To the extent not otherwise consensually resolved as between the Debtors and the Landlord, the Debtors and the Landlord (i) agree to bring the Property Ownership Dispute in the ancillary proceedings commenced before the Canadian Court, (ii) consent to the Canadian Court making a final ruling on the Property Ownership Dispute, and (iii) agree not to challenge or otherwise contest the Canadian Court’s ruling in this or other any Court, except for any rights of appeal or review by a higher court in Canada as may be applicable.

6. Except as specifically provided for herein, all rights of the Landlord and the Debtors regarding any other issue or dispute that may arise are expressly reserved.

7. Notice of the Motion as provided herein shall be deemed good and sufficient notice of such Motion and the requirements of Bankruptcy Rules 4001(d) and 6004(a) are waived.

8. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

9. Except as provided herein, this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

###END OF ORDER###

Respectfully Submitted,

WEIL, GOTSHAL & MANGES LLP

/s/ Stephen A. Youngman

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