

SCHEDULE 15

PAYMENT

1. DEFINITIONS

In this Schedule, in addition to the definitions set out in Section 1.1 of this Agreement:

- (a) **“Adjusted for Inflation”** means, for any amount at any time, that amount multiplied by the Inflation Index applicable as at the most recent November 1, February 1, May 1 or August 1 divided by the Inflation Index applicable as at the Inflation Base Date;
- (b) **“Base Steam Amount”** means VCHA's Share of 9,589,580 pounds per year (pro rated for periods of less than a year, considering and corrected for heating and cooling degree days) of steam;
- (c) **“Contract Month”** means each of:
 - (1) the period from Substantial Completion to the last day of the month in which Substantial Completion occurs;
 - (2) each subsequent calendar month during the Operational Term; and
 - (3) the period from the 1st of the month in which this Agreement expires or is terminated in accordance with its terms to the date of expiry or earlier termination of this Agreement (as the case may be),

and any required payment for the first and last Contract Months will be multiplied by a fraction which has the number of days in the Contract Month as its numerator and 30 as its denominator;

- (d) **“Development Cost”** means the amount, as identified by Project Co no later than the date of Project Co's initial drawdown of funding from the debt financing described in Project Co's Escrow Document delivered pursuant to Section 1.1(I) of Schedule 1, confirmed by certificate to be appended hereto and agreed to by VCHA, acting reasonably, (and if such agreement cannot be reached within 10 days of the date of Project Co's initial drawdown of funding, by Dispute Resolution Procedure), as being the initially determined development cost for the Facility, as such amount is adjusted up to Substantial Completion pursuant to the terms of Section 10 of Schedule 4 and Schedule 17;
- (e) **“First Breakpoint”** has the meaning given in Section 2.3(a) of this Schedule;
- (f) **“Gross Revenue”** means all rent, basic rent, percentage rent, additional rent, licence fees and all other amounts and charges (other than amounts and charges which are expressed and calculated as contributions to Operating Costs) payable to Project Co under any sublease, licence, tenancy agreement, and any other

right of use or occupation in respect of any portion of the Commercial Space or the Teaching Clinic Space;

- (g) **"Inflation Base Date"** means August 1, 2006;
- (h) **"Inflation Index"** applicable as at any date means the Consumer Price Index for all items in British Columbia as at the first day of the third month prior to that date, as published by Statistics Canada or, if the British Columbia Consumer Price Index in its present form is unavailable in the future, such similar index as may be agreed by the parties, acting reasonably, and if such agreement cannot be reached, as determined pursuant to the Dispute Resolution Procedure;
- (i) **"Insurance Costs"** means premiums for the insurance that Project Co is required to obtain and maintain under the Project Agreement other than deductibles in respect of claims arising from the negligence or wilful misconduct of Project Co;
- (j) **"Non-VCHA Share"** means the Proportionate Share with respect to the Commercial Space and the Teaching Clinic Space;
- (k) **"Operating Costs"** means the total, without duplication, of all costs other than Life Cycle Costs which Project Co incurs for Operation and Maintenance of the Site and the Facility, including the costs of:
 - (1) complete landscaping, gardening, cleaning, janitorial, supervisory, and maintenance services;
 - (2) operating elevators;
 - (3) heating, cooling, and ventilating (including the cost of steam heat purchased from VCHA);
 - (4) hot and cold water;
 - (5) utilities to be provided by Project Co pursuant to the Project Agreement;
 - (6) cleaning, maintaining, and servicing all electric lighting fixtures, and replacing light bulbs, tubes, relays, starters, and ballasts;
 - (7) repairing and servicing elevators and any interior climate control system;
 - (8) window cleaning, painting, and sanitary control;
 - (9) security;
 - (10) Insurance Costs;
 - (11) amounts and fees paid by Project Co to third parties, at reasonably competitive commercial rates, for services in managing, operating, repairing, replacing or preserving the Site and the Facility;

- (12) accounting and audit charges for calculating Operating Costs, Property Taxes, Gross Revenues and other costs;
- (13) salaries, wages, and fringe benefits paid or provided to employees and to the Facility manager, and amounts paid to independent contractors, and bona fide expenses of such persons, to the extent only that such salaries, wages, payments and compensation are attributable to the Operation and Maintenance Services;
- (14) any Sales Taxes imposed on Project Co which are in excess of any input tax credits available to Project Co for such taxes;
- (15) renting or buying signs, equipment, and supplies,

but excluding the costs of:

- (16) Property Taxes;
- (17) Project Co's debt service;
- (18) basic rent and percentage rent payable under the Building Lease;
- (19) replacement, depreciation, or carrying costs;
- (20) the Design and Construction of the Facility or of a Correction;
- (21) costs incurred by Project Co in leasing or granting licences for the Commercial Space or the Teaching Clinic Space, including leasing commissions, rental advertising and tenant inducement payments;
- (22) costs incurred in enforcing the obligations or remedying the defaults of any tenant or licensee of the Commercial Space or the Teaching Clinic Space;
- (23) any contribution to or reimbursement of income taxes or other taxes personal to Project Co;
- (24) the Parking Area Operating Expenses, as allocated and determined by Project Co, acting reasonably and equitably;

In calculating Operating Costs there will be a credit or deduction for:

- (25) insurance proceeds which Project Co recovers pursuant to the insurance it is obliged to obtain under the Project Agreement or, if it fails to place that insurance, would be entitled to recover had it placed that insurance, to the extent that the repair costs were included in Operating Costs;

- (26) recoveries from Facility occupants of the costs of goods or services, including Repairs, to the extent that such costs were included in Operating Costs; and
- (27) recoveries in respect of warranties or guarantees relating to a Repair or Renovation to the Facility to the extent that such costs were included in Operating Costs;
- (l) **“Other Operating Costs”** means Operating Costs other than those related to electricity, steam heat, other utilities and insurance;
- (m) **“Percentage Rent”** has the meaning given in Section 2.3 of this Schedule;
- (n) **“Second Breakpoint”** has the meaning given in Section **Error! Reference source not found.** of this Schedule;
- (o) **“Third Breakpoint”** has the meaning given in Section 2.3(c) of this Schedule;
- (p) **“Vacant Teaching Clinic Space”** means **DELETED**
- (q) **“VCHA's Share”** means the Proportionate Share (as defined in the VCHA Sublease) with respect to the VCHA Space; and
- (r) otherwise undefined capitalized terms have the meanings given to them in the VCHA Sublease.

2. BUILDING LEASE

2.1 Payment For Building Construction

On the Substantial Completion Date, VCHA will pay Project Co an amount equal to the Development Cost.

2.2 Basic Rent

On the Substantial Completion Date, Project Co will pay VCHA, as a pre-payment of Basic Rent under (and as defined in) the Building Lease, an amount equal to the Development Cost.

2.3 Percentage Rent

During the Term of the Building Lease Project Co will pay to VCHA as percentage rent (the **“Percentage Rent”**) each Contract Year an amount equal to:

- (a) **DELETED**
- (b) **DELETED**
- (c) **DELETED.**

For any Contract Year consisting of less than twelve months each of the First Breakpoint, the Second Breakpoint and the Third Breakpoint will be reduced proportionately, based on the number of days in that Contract Year compared to a Contract Year of 365 days. The Percentage Rent will be payable in the manner set out in Section 2.4 below.

2.4 Statements of Gross Revenue and Payment of Percentage Rent

After the Substantial Completion Date, by no later than the 90th day after the end of each Contract Year, Project Co will deliver to VCHA an audited statement setting out the amount of the Gross Revenue for that Contract Year. The statement will identify the nature of the sources of the Gross Revenue. Project Co will deliver to VCHA with the statement payment in the amount of the Percentage Rent, if any, payable in respect of that Contract Year.

Project Co will keep and maintain the originals or complete copies of all subleases, licences, tenancy agreements, and any other agreement giving a right of use or occupation in respect of any portion of the Commercial Space and the Teaching Clinic Space, together with the books and records pertaining to the Gross Revenue payable to Project Co and such other supporting or ancillary records or statements as will enable an audit of Project Co's Gross Revenue to be conducted for each Contract Year.

The acceptance by VCHA of any statement of Gross Revenue delivered by Project Co or any payment of Percentage Rent based thereon or on any accountant's or consultant's determination, will not be deemed to relieve Project Co from its obligations to comply with the provisions of this Schedule or from the consequences of any default thereunder, nor be a waiver by VCHA of any of the obligations of Project Co or any of the rights of VCHA under the Building Lease.

3. HEAT

3.1 Adjusting Payments for Steam Heat Usage

VCHA will be supplying all required steam heat to the Facility. In that regard:

- (a) until Substantial Completion, Project Co will pay VCHA for all steam heat consumed by the Facility in the previous month at VCHA's average cost per gigajoule of steam heat, pursuant to monthly invoices to be delivered by VCHA to Project Co and which Project Co will pay within 30 days of receipt;
- (b) Project Co will pay VCHA for the Non-VCHA Share of the actual steam heat consumed by the Facility in the previous month at VCHA's average cost per gigajoule of steam heat, pursuant to monthly invoices to be delivered by VCHA to Project Co and which Project Co will pay within 30 days of receipt;
- (c) **DELETED**
- (d) The amount of actual steam consumed by the Facility will be calculated as the difference between the amount of steam supplied to the Facility (as determined by an "incoming" meter) minus the amount of steam exiting the Facility (as determined by an "outgoing" meter).

4. VCHA SPACE

4.1 General

During the Operational Term, VCHA will pay Project Co rent under the VCHA Sublease for the VCHA Space comprised of Basic Rent, a contribution to Life Cycle Costs, a contribution to Operating Costs and a contribution to Taxes, all as more particularly described below.

4.2 Basic Rent

VCHA will pay Basic Rent under the VCHA Sublease for the VCHA Space of **DELETED** per square foot per Contract Month (which is expected to total **DELETED** per Contract Month based on 263,468 square feet of VCHA Space) multiplied by **DELETED**, where n is the number of calendar quarters that have elapsed since the Inflation Base Date.

4.3 Life Cycle Costs

VCHA will make a contribution to Life Cycle Costs under the VCHA Sublease as set out in Attachment 1 to this Schedule 15. Notwithstanding that the Life Cycle Costs set out in Attachment 1 have been separated on a space-by-space basis, the aggregate amount of Life Cycle Costs set out in Attachment 1 is payable by VCHA over the Operational Term. If Substantial Completion occurs after the Target Substantial Completion Date resulting in the Operational Term being truncated, the amounts payable under Attachment 1 will be adjusted so that they commence on the Substantial Completion Date (which, for greater certainty, means that all scheduled Life Cycle payments will be delayed by the same period so that those payments previously scheduled near the end of the Operational Term will no longer be payable if their revised due date falls after the end of the Operational Term). If the Substantial Completion Date occurs more than two years after the Target Substantial Completion Date, the parties will, acting reasonably, agree on amendments to Attachment 1 to reflect the reasonably required Life Cycle Costs in the final year of the Operational Term in light of the delay.

If Project Co is not required to make a planned Life Cycle expenditure as a consequence of receiving insurance proceeds in respect of any component of the Building included in the Life Cycle Costs, the amount of the Life Cycle Costs payable by VCHA will be reduced by amount equal to the savings resulting from the receipt of such insurance proceeds. If Project Co and VCHA cannot agree on such amount, either party may refer the dispute to the Dispute Resolution Procedure.

4.4 Operating Costs

Subject to Section 4.5 below, VCHA will make a contribution to Operating Costs for the VCHA Space as follows:

- (a) a contribution to the electricity costs component of Operating Costs in a period equal to:
 - (1) the VCHA Share of 4,077,485 kilowatt-hours per year, pro-rated for periods other than 12 months, except that such amount will be adjusted to reflect any material sustained change in the electricity consumption of the Facility caused by a variation from the functional programs described in the Design and Construction Requirements;
 - (2) plus, for periods commencing after the third anniversary of the Substantial Completion Date, **DELETED** of VCHA's Share of the amount, if any, by which actual electricity usage for the Facility for the period exceeds 4,077,485, as adjusted pursuant to Section (1) above; and
 - (3) minus, for periods commencing after the third anniversary of the Substantial Completion Date, **DELETED** of the VCHA Share of the amount, if

any, by which actual electricity usage for the period is less than 4,077,485, as adjusted pursuant to Section (1) above,

multiplied by Project Co's average cost per kilowatt-hour of electricity in that period;

- (b) VCHA's Share of the other utilities cost (being the cost of those utilities not included in Sections 3.1 or 4.4(a) above) component of Operating Costs;
- (c) VCHA's Share of the Insurance Costs component of Operating Costs; and
- (d) a contribution to Other Operating Costs in a period equal to:
 - (1) subject to Section 4.6 below, **DELETED** per square foot of rentable area (for an estimated total of **DELETED** based on 263,468 square feet of rentable area) per year (pro rated for periods other than 12 months), Adjusted for Inflation, which consists of the following components (referring to BOMA categories):
 - (A) for maintenance and repairs, **DELETED** per square foot of rentable area per year;
 - (B) for life and safety, **DELETED** per square foot of rentable area per year;
 - (C) for administration, **DELETED** per square foot of rentable area per year,
 - (D) for cleaning, **DELETED** per square foot of rentable area per year;
 - (E) for roads and grounds, **DELETED** per square foot of rentable area per year;
 - (F) for security, **DELETED** per square foot of rentable area per year; and
 - (2) plus, for periods commencing after the third anniversary of the Substantial Completion Date, for each of the categories of Operating Costs described in Sections (D), (E) and (F) above ("**Group 2 Operating Costs**"), **DELETED** of the amount, if any by which VCHA's Share of actual Operating Costs applicable to the category for the period exceeds the amount payable for that category under Section (1) above; and
 - (3) minus, for periods commencing after the third anniversary of the Substantial Completion Date, for each of the categories of Group 2 Operating Costs, **DELETED** of the amount, if any by which VCHA's Share

of actual Operating Costs applicable to the category for the period is less than the amount payable for that category under Section (1) above.

4.5 Operating Costs Abatement

If:

- (a) all or any part of the VCHA Space or the Vacant Teaching Clinic Space is not reasonably capable of use and occupancy for business (and is not actually used or occupied) as a result of any damage to the VCHA Space or the Vacant Teaching Clinic Space as the case may be caused by a party other than VCHA or a person for whom VCHA is responsible at law; and
- (b) the cost of any components of Operating Costs decrease during the period of actual vacancy of the VCHA Space or the Vacant Teaching Clinic Space noted above,

then the Operating Costs component of Additional Rent (but not Basic Rent for the VCHA Space, basic rent for the Parking Area or basic rent for the Vacant Teaching Clinic Space or Life Cycle Costs for any of the VCHA Space, the Parking Area or the Vacant Teaching Clinic Space) payable with respect to the VCHA Space or the Vacant Teaching Clinic Space as the case may be will abate (to the extent, and only to the extent, of the corresponding decrease in the costs noted in (b) above) from the later of (i) the date of the damage, or (ii) the expiry date of any period set out in the Project Agreement during which Project Co may rectify the damage, in proportion to the part or parts of the VCHA Space or the Vacant Teaching Clinic Space as the case may be not reasonably capable of use and occupancy until the VCHA Space or the Vacant Teaching Clinic Space as the case may be is again reasonably capable of such use and occupancy. If Project Co and VCHA disagree on the extent or time of the abatement, the matter will be determined pursuant to the Dispute Resolution Procedure.

4.6 Adjustment to Baseline Other Operating Costs for Replacement Services Contractor

If at any time the Services Contractor is replaced, in accordance with the terms of this Agreement, through a competitive process acceptable to VCHA, acting reasonably:

- (a) **DELETED**
- (b) if **DELETED** of the amount payable by Project Co to the new Services Contractor in respect of Life Cycle Costs is higher than the amounts set out in Attachment 1 (as Adjusted for Inflation), then the amounts set out in Attachment 1 (as Adjusted for Inflation) will be increased to equal **DELETED** of the amounts payable to the new Services Contractor except that the first **DELETED** of such increase will be borne by Project Co and not reflected in such increases.

4.7 Taxes

VCHA will make a contribution to Taxes for the VCHA Space as set out in the VCHA Sublease.

4.8 Monthly Payments

All amounts to be paid by VCHA to Project Co for the VCHA Space will be payable monthly in advance starting on the Substantial Completion Date and continuing on the first day of each Contract Month during the Operational Term.

4.9 Estimated Monthly Amount

Before the Operational Term starts and before each Contract Year starts, Project Co will give VCHA an estimate of its monthly required contribution to Operating Costs for the VCHA Space for the coming Contract Year. VCHA will pay that estimated required contribution or, if no estimate is given, the same required contribution it was paying for the previous Contract Year.

4.10 Statement of Operating Costs

Within 90 days after the end of each fiscal period of VCHA, Project Co will give VCHA an audited statement of the Operating Costs and the electricity and steam heat consumption for the Facility, for that fiscal period. If the statement shows a shortfall between the estimated required contribution of Operating Costs VCHA has paid for that fiscal period and the actual amounts paid by it on account of Operating Costs, VCHA will pay that shortfall within 30 days after it receives the statement. If the statement shows that VCHA has paid too much, Project Co will pay to VCHA the amount of the overpayment at the time the statement is delivered. If VCHA questions any Operating Cost, it may examine Project Co's books and records with regard to the Operating Costs for the Facility. VCHA may give notice to Project Co, within 90 days after VCHA receives that statement, correcting or disputing the calculation, or allocation, of any Operating Cost or of the amount of VCHA's required contribution to Operating Costs for the relevant period. If Project Co and VCHA cannot agree on the correction or resolve the dispute within 30 days after the notice is given, then either party may refer the matter for determination in accordance with the Dispute Resolution Procedure.

5. TEACHING CLINIC SPACE

DELETED

6. PARKING AREA

6.1 Definitions

In addition to the definitions set out elsewhere in this Agreement and this Schedule:

- (a) **“Parking Area Gross Revenue”** means all revenue collected by VCHA in connection with the Parking Business, excluding Taxes related to such revenue;
- (b) **“Parking Area Net Income”** means Parking Area Gross Revenue minus Parking Area Operating Expenses;
- (c) **“Parking Area Operating Expenses”** means all actual out-of-pocket costs and expenses (without mark-up) incurred by or on behalf of VCHA and directly attributable to the operation of the Parking Business and the Operation and Maintenance of the Parking Area including, without limitation:
 - (1) fees and expenses payable to the Parking Area operator including attendant wages, benefits and costs;
 - (2) electricity, water, gas and any other utility or utility services furnished to the Parking Area;
 - (3) insurance;
 - (4) property taxes;
 - (5) sign installation and maintenance, and replacement as required;
 - (6) general repair and maintenance;
 - (7) ticket supply, access cards and decals;
 - (8) parking equipment rental or the equivalent thereof;
 - (9) capital expenditures, including replacement of equipment;
 - (10) power and hand sweeping and cleaning, and line painting as required;
 - (11) security service contract, if applicable; and
 - (12) elevator and plant equipment service and maintenance contracts, if applicable;
- (d) **“Parking Area Percentage Rent”** means **DELETED** of the amount, if any, by which Parking Area Net Income in any Contract Year is greater than **DELETE** multiplied by **DELETED** (pro-rated for Contract Years of less than 12 months), where n is the number of full calendar quarters that have elapsed since the Inflation Base Date; and

(e) **“Parking Business”** means the parking of motor vehicles at the Parking Area.

6.2 Rent

VCHA will pay Project Co, as rent for the Parking Area under the VCHA Sublease, an amount equal to **DELETED** per annum multiplied by **DELETED** (pro-rated for Contract Years of less than 12 months), where n is the number of calendar quarters that have elapsed since the Inflation Base Date.

6.3 Taxes

VCHA will make a contribution to Taxes for the Parking Area as set out in the VCHA Sublease and this Schedule 15.

6.4 Parking Area Operating Expenses

VCHA will pay or cause to be paid all Parking Area Operating Expenses. Project Co will not be responsible for payment of any Parking Area Operating Expenses.

6.5 Statement and Payment of Parking Area Percentage Rent

On or before the 90th day of each Contract Year, VCHA will deliver to Project Co an audited statement of the Parking Area Gross Revenue, Taxes withheld and remitted, Parking Area Operating Expenses and the Parking Area Percentage Rent for the preceding Contract Year. VCHA will keep accurate books of account and records of all Parking Area Gross Revenue, Taxes withheld and remitted and Parking Area Operating Expenses and make the same available for inspection and audit by Project Co or its authorized representatives at any time during normal business hours. VCHA will pay the Parking Area Percentage Rent for a Contract Year to Project Co at the same time as it delivers the statement for that Contract Year to Project Co.

The acceptance by Project Co of any statement or payment of Parking Area Percentage Rent delivered by VCHA, will not be deemed to relieve VCHA from its obligations to comply with the provisions of this Schedule or from the consequences of any default thereunder, nor be a waiver by Project Co of any of the obligations of VCHA or any of the rights of Project Co under the VCHA Sublease.

ATTACHMENT 1

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