

MICHAEL H. HALL
copy.

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made effective the 16th day of October, 1998, although executed on the dates below stated,

AMONG:

THE OWNERS, STRATA PLAN VR. 1291

(hereinafter referred to as the "STRATA CORPORATION")

OF THE FIRST PART

AND:

PENNYFARTHING DEVELOPMENTS CORP., CREEKSIDE HOLDINGS LTD., JOHN KAY, trustee of the HEPWORTH FAMILY TRUST, and JOHN KAY, trustee of the STEVENSON FAMILY TRUST

(and their respective present and former officers, employees, successors, assigns, directors, officers, servants and agents)

(hereinafter collectively referred to as "PENNYFARTHING")

OF THE SECOND PART

AND:

CREDIT UNION CENTRAL OF BRITISH COLUMBIA, formerly B.C. CENTRAL CREDIT UNION

(and its respective present and former officers, employees, successors, assigns, directors, officers, servants and agents)

(hereinafter referred to as "BC CENTRAL")

OF THE THIRD PART

WITNESSES THAT WHEREAS:

- A. The STRATA CORPORATION and PENNYFARTHING have been engaged in a dispute surrounding an agreement between the parties dated May 25, 1985 (the "1985 Agreement") whereby the STRATA CORPORATION assumed the following obligations of PENNYFARTHING:

- (i) to provide 120 parking stalls in Harbour Cove free of any rent charge or licence fee to BC CENTRAL for a term of not less than 60 years with a right of renewal for a further term of 30 years; and
 - (ii) to pay, over the term of a lease dated September 12, 1981 (the "NHB Lease") between PENNYFARTHING and the National Harbours, 100% of the annual basic rent required to be paid by PENNYFARTHING to the National Harbour Board pursuant to the NHB Lease together with 22% of the annual land taxes levied by the City of Vancouver against the parcel of land covered by the NHB Lease.
- B. BC CENTRAL was the owner of the STRATA CORPORATION lands and agreed to sell the said lands to PENNYFARTHING for development purposes subject to certain terms and conditions, including, inter alia, the following:
- (i) that PENNYFARTHING in developing the said lands would over and above the parking requirements of the STRATA CORPORATION construct an extra 120 non-designated parking stalls for the use of BC CENTRAL;
 - (ii) that the 120 parking stalls were to be free of any rent charge or license fee for a term of 60 years with a right of renewal for a further term of 30 years;
 - (iii) that of the 120 parking stalls to be provided:
 - a. 60 of such stalls were to be available 24 hours a day, 7 days a week; and
 - b. the remaining 60 stalls were to be available 5 days a week, Monday to Friday between the hours of 8.00 a.m. and 5.00 p.m.; and
 - (iv) that the said 120 parking stalls have been located in the common property of the STRATA CORPORATION and are deemed to be a license to use the same, subject to the rules and regulations of the STRATA CORPORATION in governing the use and access to the said parking stalls.
- C. On or about April 10, 1990, the STRATA CORPORATION purported to terminate its obligations to make any further payments under paragraph 4.03 of the 1985 Agreement effective as at 12:01 a.m. on October 1, 1997.
- D. By a Petition filed May 21, 1996 with the Supreme Court of British Columbia under Vancouver Registry No. A961688, PENNYFARTHING sought a declaration that the STRATA CORPORATION was obligated to continue to pay the charges set out in paragraph 4.03 of the 1985 Agreement to the end of the term of the NHB Lease including during any renewal terms of the NHB Lease.
- E. By way of Writ of Summons and Statement of Claim filed November 14, 1996 with the Supreme Court of British Columbia under Vancouver Registry No. C966469, the STRATA

CORPORATION commenced an action against PENNYFARTHING for various relief including a declaration that the 1985 Agreement is void *ab initio* and of no force and effect.

- F. By a Consent Order dated October 24, 1996, the Petition of PENNYFARTHING dated May 21, 1996 was converted to a Writ of Summons and Statement of Claim.
- G. By way of a Statement of Defence filed by PENNYFARTHING on February 25, 1997, PENNYFARTHING denied the allegations set out in the Statement of Claim of the STRATA CORPORATION.
- H. On October 15th and 16th, 1998, the STRATA CORPORATION and PENNYFARTHING attended a mediation before Mr. William S. Berardino, Q.C. as mediator in order to attempt to settle the dispute. The mediation was attended by a majority of the Strata Council of the STRATA CORPORATION together with counsel and by Mr. Tony Hepworth of PENNYFARTHING together with counsel.
- I. Both the STRATA CORPORATION and PENNYFARTHING, each being represented by counsel at the mediation, have entered into a settlement, on certain terms hereinafter set forth. The STRATA CORPORATION and PENNYFARTHING have agreed to include BC CENTRAL in the settlement on the terms and covenants herein:

NOW THEREFORE in consideration of:

- (a) the consent by the STRATA CORPORATION and PENNYFARTHING to the dismissal of Action Nos. C966469 and A961688 (the "Actions") (**attached hereto as Schedule "A"**); and
- (b) the release by the STRATA CORPORATION of PENNYFARTHING from any further action or claim with respect to the subject matter of the Actions including a provision that the STRATA CORPORATION is not entitled to raise the defence that the Release is invalid and of no force and effect on the basis that the 1985 Agreement which forms the subject matter of the Release is in and of itself void *ab initio* and of no force and effect (**attached hereto as Schedule "B"**);
- (c) the release by PENNYFARTHING of the STRATA CORPORATION from any further action or claim with respect to the subject matter of the Actions (**attached hereto as Schedule "C"**);
- (d) the delivery of an opinion by counsel to the STRATA CORPORATION to PENNYFARTHING confirming that the Strata Council of the STRATA CORPORATION has the power and authority to settle the Actions on behalf of the STRATA CORPORATION and that this Agreement and the release in favour of PENNYFARTHING have been duly executed and delivered by the STRATA CORPORATION and constitute a legal, valid and binding obligation of the STRATA CORPORATION in accordance with their terms (**attached hereto as Schedule "D"**);



- (e) the delivery of an opinion by counsel for PENNYFARTHING to the STRATA CORPORATION confirming that Mr. Anthony Hepworth has the power and authority to settle the Actions on behalf of PENNYFARTHING and that this Agreement and the release in favour of the STRATA CORPORATION have been duly executed and delivered by PENNYFARTHING and constitute a legal, valid and binding obligation of PENNYFARTHING in accordance with their terms (attached hereto as Schedule "E"); and

the mutual covenants and agreements contained herein and for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by each of the parties) the parties hereto covenant and agree each with the others as follows:

1. *Acknowledgements of PENNYFARTHING.* PENNYFARTHING acknowledges and agrees that:

- (a) Commencing on January 1, 1999 and continuing to the end of the original term of the NHB Lease and any renewals or extensions thereof (the "NHB Term"), the STRATA CORPORATION'S share of the annual basic rent as calculated and payable under the NHB Lease (the "Annual Rent") (100% of which is currently payable by the STRATA CORPORATION) shall be reduced to 65% excluding the payments to be made pursuant Sub-paragraph 2(b).
- (b) The STRATA CORPORATION'S share of the obligation to pay any land taxes calculated and payable pursuant to the 1985 Agreement will remain at 22%.
- (c) The STRATA CORPORATION is not responsible for any part of the participation rent to be paid by PENNYFARTHING pursuant to the NHB Lease.

2. *Covenants of the STRATA CORPORATION.* The STRATA CORPORATION covenants and agrees as follows:

- (a) To pay to PENNYFARTHING the STRATA CORPORATION'S share of the Annual Rent calculated and payable in accordance with the 1985 Agreement and Sub-paragraph 1(b) herein and the STRATA CORPORATION'S share of any land taxes calculated and payable in accordance with the 1985 Agreement and Sub-paragraph 1(b) herein commencing on January 1, 1999 and, thereafter, on or before January 1 of each year of the NHB Term.
- (b) In addition to the payment set out in subparagraph 2(a) herein, to pay to PENNYFARTHING the sum of \$30,000 plus Goods and Services Tax applicable thereto ("GST") (together with any annual adjustment based on the Consumer Price Index for the Vancouver area (the "CPI")) commencing on January 1, 1999 and, thereafter, on or before January 1 of each year of the NHB Term.
- (c) To maintain and landscape the separate flower bed to the South of The Clipper residential and office complex (as referred to on the attached site plan marked as

Schedule "F") to the same standard as the STRATA CORPORATION maintains the landscaping in Harbour Cove throughout the NHB Term.

- (d) To provide 120 non-designated parking stalls in the STRATA CORPORATION'S parking garage to BC CENTRAL in accordance with Paragraph 5 herein.

3. *Covenants of BC CENTRAL.* BC CENTRAL covenants and agrees as follows:

- (a) To release and discharge PENNYFARTHING from any and all covenants provided to BC CENTRAL from time to time, to provide 120 parking stalls in Harbour Cove.;
- (b) To pay to the STRATA CORPORATION the amounts required in accordance with Sub-paragraph 5(c) herein..

4. *Payment Term on Acquisition of Fee Simple.* Notwithstanding any other term of this Agreement, if PENNYFARTHING and/or an affiliate of PENNYFARTHING acquires fee-simple title to the whole of the lands presently subject to the NHB Lease, the payments that would otherwise have been required to be made by the STRATA CORPORATION on account of the Annual Rent and its share of land taxes pursuant to the 1985 Agreement and this Agreement, shall be paid to PENNYFARTHING and/or its affiliate by the STRATA CORPORATION on the condition that the STRATA CORPORATION'S obligation to pay such Annual Rent and share of land taxes will come to an end on the later of January 1, 2078 or the last date of NHB Term assuming that any and all renewal terms or rights of renewal with respect to the NHB Lease existing at the time of acquisition of such fee-simple title by PENNYFARTHING have been duly exercised by PENNYFARTHING.

5. *Provision of Parking Stalls to BC CENTRAL.* The STRATA CORPORATION shall provide to BC CENTRAL (for the use of its employees, for the use of tenants of the BC Central Building and their employees, and for the use of residents of Harbour Cove, all as may be designated by BC CENTRAL from time to time) a license to use 120 non-designated parking stalls (the Parking Stalls") in the STRATA CORPORATION'S parking garage for a period of 80 years from January 1, 1998 (the "Parking License Term"), free of any rent, charge or license fee and for which it shall receive the payments calculated in accordance with Sub-paragraph 5(b) herein as a payment towards the STRATA CORPORATION'S cost of repairs, maintenance, security and insurance, on the following basis:

- (a) The Parking Stalls shall be available to BC CENTRAL as follows:
 - (i) 60 of the Parking Stalls shall be available to BC CENTRAL 24 hours per day, 7 days a week;
 - (ii) 60 of the Parking Stalls shall be available to BC CENTRAL 5 days a week, Monday to Friday, between the hours of 8.00 a.m. and 5.00 p.m.

- (b) BC Central shall pay to the STRATA CORPORATION, commencing January 1, 1998 and, thereafter, on or before January 1 of each year of the Parking License Term, the sum of \$30,000 plus GST (together with any annual adjustment based on the CPI) as a payment towards the STRATA CORPORATION'S cost of repairs, maintenance, security and insurance of the Parking Stalls.
- (c) The license to use the Parking Stalls shall terminate on the earlier of:
 - (i) the destruction of the BC Central Building;
 - (ii) the destruction of the Harbour Cove Building; or
 - (iii) the expiration of the Parking License Term.
- (d) The license to use the Parking Stalls may be assigned from time to time to the then registered owner of the BC Central Building;

6. *Arbitration.* If there is any dispute with respect to the terms of the Agreement, the parties agree to refer the matter to a single arbitrator, but in the first instance the issue will be referred to William S. Berardino, Q.C.;

7. *No Admission of Liability.* the Settlement Agreement herein constitutes a compromise of disputed and potential claims. Its execution and performance are not to be construed as an admission of liability on the part of any party hereto each of which expressly denies liability.

8. *Waiver.* The failure of a party in any one or more instances to insist upon strict performance of any of the terms of this Agreement or to exercise any right or privilege arising under it shall not preclude it from requiring by reasonable notice that any other party duly perform its obligations or preclude it from exercising such a right or privilege under reasonable circumstances, nor shall waiver in any one instance of a breach be construed as an amendment of this Agreement or waiver of any later breach.

9. *Assignment.* PENNYFARTHING will have the right to assign this Agreement without consent to a successor in title to its interest in the NHB Lease so long as PENNYFARTHING obtains the written consent of the Assignee to be bound by PENNYFARTHING'S obligations under this Agreement. The STRATA CORPORATION shall have the right to assign this Agreement without consent to a successor in title to its real property so long as the STRATA CORPORATION obtains the written consent to the Assignee to be bound by the STRATA CORPORATION'S obligations under this Agreement. Except as hereinabove provided and except as provided for in subparagraph 5(d), neither the STRATA CORPORATION nor BC CENTRAL shall assign, transfer, charge or otherwise encumber the benefit (or any part thereof) or the burden (or any part thereof) of this Agreement without the prior written consent of the other parties hereto, such consent not to be unreasonably withheld.

10. *Further Assurances.* Each of the parties hereto shall from time to time at the request of any of the other parties hereto and without further consideration, execute and deliver all such

other additional assignments, transfers, instruments, notices, releases and other documents and shall do all such other acts and things as may be necessary or desirable to assure more fully the consummation of the transactions contemplated hereby.

11. *Amendment.* This Agreement may be amended or varied only by agreement in writing signed by each of the parties. Unless the context otherwise so requires, a reference to this Agreement shall include a reference to this Agreement as amended or varied from time to time.

12. *Severability.* If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

13. *Entire Agreement.* This Agreement, including all the Schedules hereto, together with the agreements and other documents to be delivered pursuant hereto, constitutes the entire agreement among the parties pertaining to the settlement herein.. Its terms are contractual, not a mere recital.

14. *Benefit of Agreement.* This Agreement shall enure to the benefit of and be binding on the parties hereto and their respective heirs, executors, administrators, successors, permitted assigns, present and former directors, officers, servants, and agents.

15. *Counterparts.* This Agreement may be executed by facsimile and in as many counterparts as are necessary, each of which shall be deemed to be an original, and shall be binding on each party when each party hereto has signed and delivered one such counterpart. When a counterpart of this Agreement has been executed by each party, all counterparts together shall constitute one agreement.

IN WITNESS WHEREOF the parties have affixed their respective seals and signatures on the dates below indicated.

THE OWNERS, STRATA PLAN VR.1291
by its authorized signatories:



Name
Date: Nov. 23/98



Name
Date: Nov. 23/98



PENNYFARTHING DEVELOPMENTS CORP.

by its authorized signatories:

Name: _____

Date: _____

NOV 27 1998

ANTHONY HEPWORTH

Name: _____

Date: _____

CREEKSIDE HOLDINGS LTD. by its

authorized signatories:

Name: _____

Date: _____

NOV 27 1998

ANTHONY HEPWORTH

Name: _____

Date: _____

SIGNED, SEALED AND DELIVERED by)

JOHN KAY, trustee of the HEPWORTH)

FAMILY TRUST in the presence of:)

Dawson

Name)

425 Carnarvon St.)

Address)

New Westminster, B.C.)

Secretary

Occupation)

John Kay

**JOHN KAY, trustee of the
HEPWORTH FAMILY TRUST**

L

SIGNED, SEALED AND DELIVERED by)
JOHN KAY, trustee of the STEVENSON)
FAMILY TRUST in the presence of:)

Dawny)
Name)
425 Cameron St.)
Address)
New Westminster, B.C.)
Secretary)
Occupation)

John Kay
JOHN KAY, trustee of the
STEVENSON FAMILY TRUST

CREDIT UNION CENTRAL OF BRITISH COLUMBIA

by its authorized signatories:

R. Kelly
Name)
Date: Dec 2/95)

ROWLAND KELLY
VICE-PRESIDENT, FINANCE
& CHIEF FINANCIAL OFFICER

Richard J. Thomas
Name RICHARD J. THOMAS)
Date: Dec. 2/95)

SCHEDULE "A"
to the Settlement Agreement dated effective October 16, 1998

No. C966469
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

THE OWNERS, STRATA PLAN VR.1291

PLAINTIFF

AND:

PENNYFARTHING DEVELOPMENT CORP., CREEKSIDE HOLDINGS LTD.,
JOHN KAY, trustee of the HEPWORTH FAMILY TRUST, AND JOHN KAY, trustee of
the STEVENSON FAMILY TRUST

DEFENDANTS

ORDER

BEFORE) A REGISTRAR) _____ day, the
)) _____ day of
) OF THE COURT) _____, 1998.

ON THE APPLICATION of the Plaintiff, The Owners, Strata Plan VR.1291, without a hearing,
and by consent

THIS COURT ORDERS that the within proceedings be dismissed without costs to any party.

AND THIS COURT ORDERS that the said dismissal be for all purposes of the same force and
effect as if judgment dismissing this action had been pronounced at the trial of the action upon
the merits.

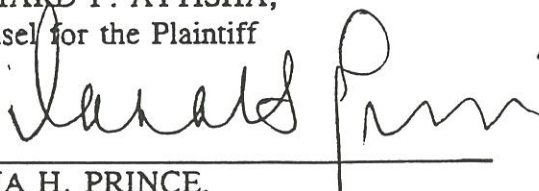
CONSENTED TO:

By the Court,



RICHARD P. ATTISHA,
Counsel for the Plaintiff

Registrar



DANA H. PRINCE,
Counsel for the Defendants

SCHEDULE "B"
to the Settlement Agreement dated effective October 16, 1998

RELEASE

THIS RELEASE WITNESSES that in consideration of the payment to **THE OWNERS, STRATA PLAN VR. 1291** (the "Releasor") of the sum of \$1.00 from each of **PENNYFARTHING DEVELOPMENTS CORP., CREEKSIDE HOLDINGS LTD., JOHN KAY, trustee of the HEPWORTH FAMILY TRUST, and JOHN KAY, trustee of the STEVENSON FAMILY TRUST** (the "Releasees") and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Releasor, **THE RELEASOR DOES HEREBY RELEASE AND FOREVER DISCHARGE** the Releasees and their directors, officers, employees, servants, agents, successors or assigns of and from any and all actions, causes of action, claims, complaints, demands, damages, interest, costs, expenses and compensation of whatsoever kind and howsoever arising, related to or in connection with the subject matter of proceedings commenced in the British Columbia Supreme Court and referenced therein as Court File Nos. C966469 and A961688 (the "Court Actions").

IT IS EXPRESSLY UNDERSTOOD AND AGREED that:

1. the settlement herein is a compromise of a disputed claim and the payment herein shall not be construed as an admission of liability on the part of any of the Releasees by whom liability is expressly denied.
2. for the consideration expressed herein, the Releasor does irrevocably instruct its solicitor to consent to an Order dismissing the Court Actions referred to herein without costs.
3. for the consideration expressed herein, the Releasor is not entitled to raise the defence that this Release is invalid and of no force and effect on the basis that the agreement between the Releasor and the Releasees dated May 25, 1985 which forms part of the subject matter of this Release is in and of itself void *ab initio* and of no force and effect.
4. for the consideration expressed herein the Releasor agrees not to make any claim or take any proceedings, either individually or in conjunction with any person or persons, firm, association, syndicate, company or corporation, or in any other manner whatsoever, directly or indirectly, against any other person or corporation who might claim contribution or indemnity from any of the Releasees or any of their directors, officers, employees, servants, agents, successors or assigns.

THE RELEASOR DOES HEREBY REPRESENT AND DECLARE that:

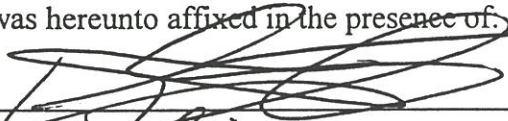
1. it alone are entitled to receive the consideration payable herein and that the Releasor has not assigned such consideration or their right of action to any person, firm or corporation who might claim against the Releasees and further, that there are no liens, charges or mortgages concerning the monies payable herein.
2. it has read this Release and understands the purpose and effect of the Release and hereby confirms that the Release contains the entire agreement between the Releasor and the Releasees, other than the Settlement Agreement made effective October 16, 1998, and the terms of the Release are contractual, and not merely recital.

IT IS FURTHER UNDERSTOOD AND AGREED that:

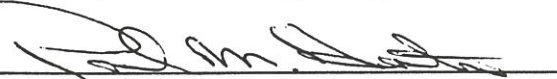
1. this Release shall enure to and be binding upon the successors and assigns of the Releasor.
2. this Release shall be governed by and construed in accordance with the laws of the Province of British Columbia.

IN WITNESS WHEREOF **THE OWNERS, STRATA PLAN VR. 1291** has affixed its common seal attested by the hands of its duly authorized officers this 23rd day of November, 1998.

THE COMMON SEAL OF)
THE OWNERS, STRATA PLAN VR. 1291)
was hereunto affixed in the presence of.)


_____)
_____)
Title: Chairman)
(Authorized Signatory))

c/s


_____)
_____)
Title: Council Member)
(Authorized Signatory))

RELEASE

THIS RELEASE WITNESSES that in consideration of the payment to PENNYFARTHING DEVELOPMENTS CORP., CREEKSIDE HOLDINGS LTD., JOHN KAY, trustee of the HEPWORTH FAMILY TRUST, and JOHN KAY, trustee of the STEVENSON FAMILY TRUST (the "Releasors") of the sum of \$1.00 from THE OWNERS, STRATA PLAN VR. 1291 (the "Releasee") and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Releasors, THE RELEASORS DO HEREBY RELEASE AND FOREVER DISCHARGE the Releasee and its directors, officers, employees, servants, agents, successors or assigns of and from any and all actions, causes of action, claims, complaints, demands, damages, interest, costs, expenses and compensation of whatsoever kind and howsoever arising, related to or in connection with the subject matter of proceedings commenced in the British Columbia Supreme Court and referenced therein as Court File Nos. C966469 and A961688 (the "Court Actions").

IT IS EXPRESSLY UNDERSTOOD AND AGREED that:

1. the settlement herein is a compromise of a disputed claim and the payment herein shall not be construed as an admission of liability on the part of any of the Releasee by whom liability is expressly denied.
2. for the consideration expressed herein, the Releasors do irrevocably instruct its solicitor to consent to an Order dismissing the Court Actions referred to herein without costs.
3. for the consideration expressed herein the Releasors agree not to make any claim or take any proceedings, either individually or in conjunction with any person or persons, firm, association, syndicate, company or corporation, or in any other manner whatsoever, directly or indirectly, against any other person or corporation who might claim contribution or indemnity from the Releasee or any of its directors, officers, employees, servants, agents, successors or assigns.

THE RELEASORS DO HEREBY REPRESENT AND DECLARE that:

1. they alone are entitled to receive the consideration payable herein and that the Releasors have not assigned such consideration or their right of action to any person, firm or corporation who might claim against the Releasee and further, that there are no liens, charges or mortgages concerning the monies payable herein.
2. they have read this Release and understand the purpose and effect of the Release and hereby confirm that the Release contains the entire agreement between the Releasors and the Releasee, other than the Settlement Agreement made effective October 16, 1998, and the terms of the Release are contractual, and not merely recital.

IT IS FURTHER UNDERSTOOD AND AGREED that:

1. this Release shall enure to and be binding upon the successors and assigns of the Releasors.

2. this Release shall be governed by and construed in accordance with the laws of the Province of British Columbia.

IN WITNESS WHEREOF PENNYFARTHING DEVELOPMENTS CORP. and CREEKSIDE HOLDINGS LTD., have affixed their corporate seal attested by the hands of their duly authorized officers and THE HEPWORTH FAMILY TRUST and THE STEVENSON FAMILY TRUST through their trustee, John Kay, have set their hand and seal effective this 16th day of October, 1998.

THE COMMON SEAL OF)
PENNYFARTHING DEVELOPMENTS)
CORP. was hereunto affixed in the presence)
of:)

ANTHONY HEPWORTH)
Title:)
(Authorized Signatory))
NOV 27)

c/s

_____))
Title:)
(Authorized Signatory))

THE COMMON SEAL OF)
CREEKSIDE HOLDINGS LTD.)
was hereunto affixed in the presence of:)

ANTHONY HEPWORTH)
Title:)
(Authorized Signatory))
NOV 27)

c/s

_____))
Title:)
(Authorized Signatory))

SIGNED, SEALED AND DELIVERED)
by THE HEPWORTH FAMILY TRUST)
through its trustee JOHN KAY)
in presence of:)

Dawson)
Name)
425 Carnarvon St., New Westminster)
Address)
Secretary)
Occupation)

John Kay (SEAL)
JOHN KAY as trustee of
THE HEPWORTH FAMILY TRUST

SIGNED, SEALED AND DELIVERED)
by **THE STEVENSON FAMILY TRUST**)
through its trustee **JOHN KAY**)
in presence of:)

[Signature])
Name)
425 Carnarvon St. New west.)
Address)
Secretary)
Occupation)

John Kay (SEAL)

) **JOHN KAY** as trustee of
) **THE STEVENSON FAMILY TRUST**



3100 Vancouver Centre
PO Box 11504
650 West Georgia Street
Vancouver BC
Canada V6B 4P7

Tel: 604. 687 0411
Fax: 604. 669 9385
Direct Line: 604. 895 2826
dlong@hgelaw.com

File Number: 92996

December 9, 1998

Getz Prince Wells
Barristers and Solicitors
1810 - 1111 West Georgia Street
Vancouver, BC V6E 4M3

Attention: Dana H. Prince

Dear Sirs:

**RE: The Owners, Strata Plan VR. 1291
v. Pennyfarthing Developments Corp. et als
S.C.B.C., Vancouver Registry, No. C966469**

and

**Pennyfarthing Developments Corp. et als
v. The Owners, Strata Plan VR. 1291
S.C.B.C., Vancouver Registry, No. A961688**

You have asked for our opinion on the power and authority of the Strata Council empowered by The Owners, Strata Plan VR.1291 (the "Strata Corporation") to settle the dispute with Pennyfarthing Development Corporation et al ("Pennyfarthing").

Succinctly, it is our opinion that the Strata Council has the authority to settle the dispute with Pennyfarthing.

The Strata Corporation has, pursuant to Sections 15(1) and 15(7) of the *Condominium Act* the power to, as representative of the Owners and on its own behalf, commence actions in connection with matters affecting the "common property, common facilities and other assets of the Strata Corporation". Further, Section 15(1)(b) specifically anticipates that a Strata Corporation may "be sued on any matter relating" to the same. As the matter in issue is the validity of an agreement entered into by the Strata Corporation with respect to obligations assumed by the Strata Corporation, then this matter is clearly within the scope of Sections 15(1) and 15(7) of the Act.

Section 118(1) of the Act (and Section 3.1 of the Strata Corporation's consolidated bylaws) provides that "the powers and duties of the Strata Corporation must be exercised and performed by the Council of the Strata Corporation"; accordingly, when combined with Section 15, Section 118(1) empowers the Strata Council to commence and defend legal proceedings.

Moreover, the Strata Council was specifically empowered by a Special Resolution of the Strata Corporation to settle the dispute on the Strata Corporation's behalf. Although the Special Resolution was not absolutely necessary it was, in the circumstances, obviously both politically and practically prudent.

The Strata Council was present at the mediation, a quorum was constituted, and all members of the Strata Council present voted unanimously for the settlement.

As to the execution of the Settlement Agreement effective October 16, 1998 and the Release dated November 23, 1998, both documents have been duly executed on behalf of the Strata Corporation and constitute a legal and binding agreement of the Strata Corporation in accordance with their terms.

We trust this provides your client with the comfort it requires.

Yours truly,

HARPER GREY EASTON

Harper Grey Easton

cc: The Owners
Attn: Don Easton

Getz Prince Wells

*Suite 1810, 1111 West Georgia Street
Vancouver, British Columbia, Canada V6E 4M3
Tel: (604) 685-6367 Fax: (604) 685-9798*

December 9, 1998

Harper Grey Easton
Barristers & Solicitors
P.O. Box 11504
3100 Vancouver Centre
650 West Georgia St.
Vancouver, B.C.
V6B 4P7

Dear Sirs:

Re: The Owners, Strata Plan VR. 1291 v. Pennyfarthing Developments Corp. et al. S.C.B.C., Vancouver Registry, No. C966469 and Pennyfarthing Developments Corp. et al. v. The Owners, Strata Plan VR. 1291 S.C.B.C., Vancouver Registry, No. A961688 (collectively, the "Actions")

We have acted as counsel for Pennyfarthing Developments Corp., Creekside Holdings Ltd., John Kay, trustee of the Hepworth Family Trust, and John Kay, trustee of the Stevenson Family Trust (together, "Pennyfarthing") in connection with the Actions and the negotiation and settlement of the Actions.

You have asked for our opinion on the power and authority of Pennyfarthing to settle the dispute with The Owners, Strata Plan VR. 1291 (the "Strata Corporation").

We have examined originals or copies, certified or otherwise identified to our satisfaction, of such public and corporate records, certificates, instruments and other documents and have considered such questions of law as we have deemed relevant and necessary as a basis for the opinions hereinafter expressed. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as copies, whether facsimile, photostatic, certified or otherwise.

We have assumed that the Strata Corporation and the Credit Union Central of British Columbia have duly authorized, executed and delivered the Settlement Agreement effective October 16, 1998 and the documents delivered pursuant thereto and that such agreement and documents constitute legal, valid and binding obligations of the Strata

Corporation and the Credit Union Central of British Columbia enforceable against each of them in accordance with their terms.

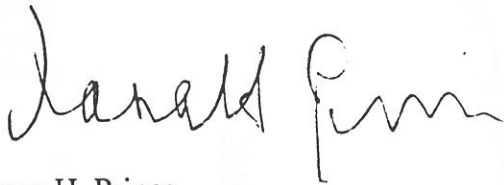
Succinctly, it is our opinion that Pennyfarthing has the authority to settle the dispute with the Strata Corporation.

As to the execution of the Settlement Agreement effective October 16, 1998 and the Release dated effective October 16, 1998, both documents have been duly executed on behalf of Pennyfarthing and constitute legal and binding agreements of Pennyfarthing in accordance with their terms.

This opinion is furnished solely for the benefit of the addressees and may not be circulated to, or relied upon, by any other person.

We trust this provides your client with the comfort it requires.

Yours truly,

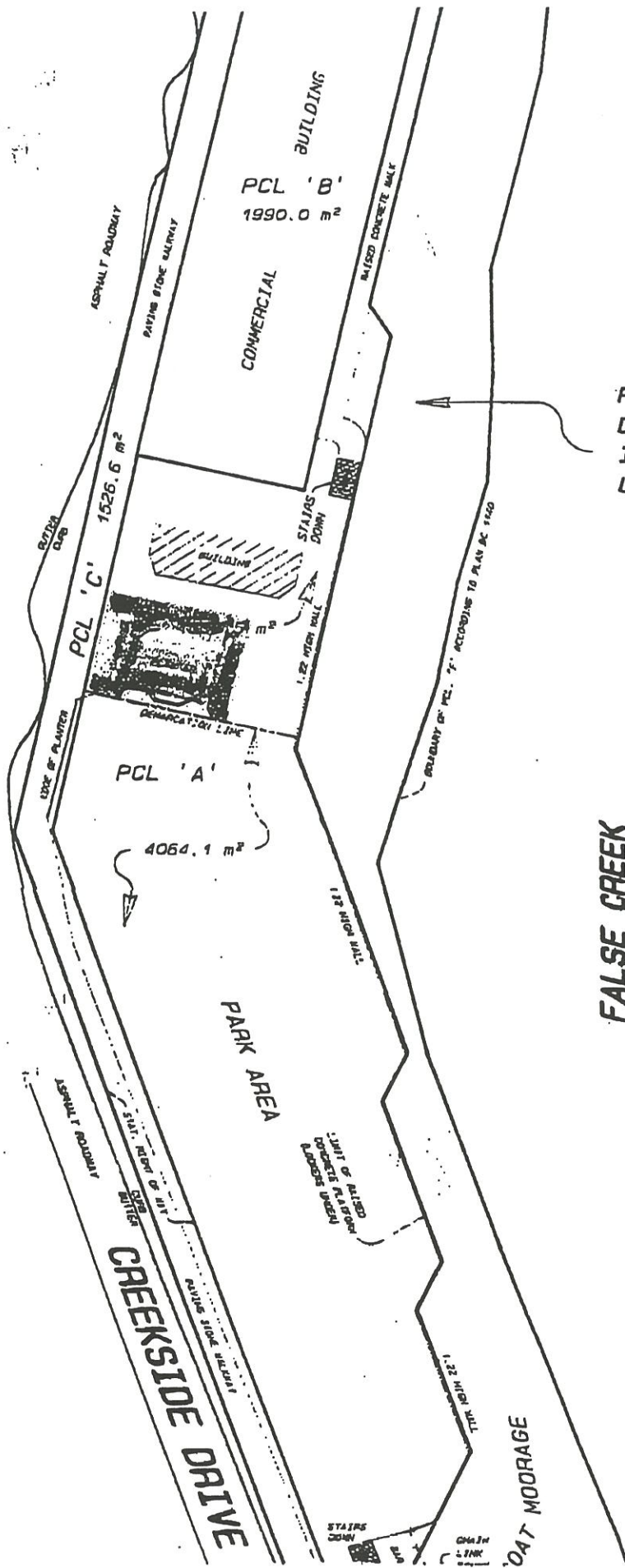


Dana H. Prince

Email: dana@getzpw.com
Telephone extension 13

DHP:tkd
Encl.

SCHEDULE "F"
to the Settlement Agreement dated effective October 16, 1998



PORTUGAL
DISTRICT
INDIAN
L.R.O



Flower bed to be landscaped by the Strata Corporation

**FALSE CREEK
FISHERMANS TERMINAL**

CREEKSIDE DRIVE

OAT MOORAGE