



ADARA OWNERS REFERENCE GUIDE

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Welcome to the Adara Hotel Rental Pool!

Congratulations on your purchase of a unit at The Adara, a true boutique hotel nestled in the heart of Whistler Village. We are happy to welcome you to the Adara Rental Pool.

As a new Owner you may have questions about policies, procedures and general hotel operations. At the same time, you should be aware of requirements and obligations you have in the rental pool and to the Canadian Revenue Agency.

We provide this Owner Reference Guide to ensure that each member of the rental pool understands operating policies, legal and tax obligations as well as opportunities to optimize your Adara ownership experience.

Please review this document and use it as a reference throughout your ownership experience. If you have any questions, comments or suggestions, please feel free to reach out to the Board of Directors at adara.bod@adarahotel.com . We will follow up with you promptly. *(please note this is a new email address for the Board of Directors as of June 2019.)*

Sincerely,
The Board of Directors
Adara Hotel Owners Management Corporation



2. ABOUT THE ADARA

The Adara Hotel, nestled in the heart of Whistler Village offers a true boutique experience. With it's newly refurbished lobby, 42 well-appointed rooms, recently renovated pool and deck, and the friendly, helpful staff, The Adara delivers a memorable stay at Whistler.

Guests immediately feel the warm, comfortable ambiance of The Adara upon arrival at our pet-friendly boutique hotel. Guests of The Adara also enjoy one of the best pool decks in Whistler – the heated pool, hot tub, fire pit and spectacular mountain views are all available year-round.

The dedicated staff help our guests tailor their experience. With Village shops and restaurants at our doorstep and lifts to access the greatest ski area in North America just a 3-minute walk away, it's easy to use The Adara as home base for an authentic Whistler visit.

A little historical perspective....

The **Adara** has a long heritage in Whistler – it was one of the very first hotels in the village. Built in 1985, the property originally operated as the Timberline Lodge. It enjoyed some good years during the height of Whistler's early popularity. A developer bought the building and stratified the 42 rooms in 1995. Over the next 10 years, the property was poorly managed. Demand decreased and eventually the Lodge and rooms were looking very tired. In 2005 and 2006, the owners invested \$2.5 million in a comprehensive renovation that transformed the Timberline into the Adara Boutique Hotel.

Unfortunately, continued mismanagement by third party management companies led the hotel to a low point and owners received very little as a return on their investment. Problems continued, until finally a brave group of determined owners took the hotel into self-management in May of 2011. They formed the Adara Hotel Owners Management Corporation (AHOMC) with an operating Board of Directors and hired a General Manager. Over the course of the first 3 years the General Manager and the AHOMC BOD turned the business around, receiving an international award as one of **Canada's Best Boutique Ski Hotel** in 2013.

Here are some statistics on the hotel's performance under owner-led self-management:

| | Hotel Revenues | Direct Payouts to Owners |
|------|----------------|--------------------------|
| 2011 | \$1,205,015 | \$227,076 |
| 2012 | \$1,228,743 | \$235,889 |
| 2013 | \$1,243,802 | \$154,935 |
| 2014 | \$1,228,620 | \$209,788 |
| 2015 | \$1,447,759 | \$314,897 |
| 2016 | \$1,889,450 | \$473,699 |
| 2017 | \$1,850,903 | \$566, 775 |
| 2018 | \$1,884,907 | \$465,309 |

Note: Indirect payments include strata fees and contribution payments to contingency funds. Direct cash payouts have been based on revenue balances. There were more Direct payouts in 2012, causing the total to be higher than 2013.



About the Adara (con't)

Similarly, Whistler itself changed significantly over the years. Originally just a ski resort, businesses in Whistler were largely dependent on the strength of the ski season. By adding events and activities in the summer and shoulder seasons, including mountain bike championships, film festivals, beer festivals, music festivals etc., and the 2010 Winter Olympics, Whistler increased its drawing power throughout the year. Now, the summer season at Whistler surpasses the winter in terms of the numbers of visitors.

Whistler is currently going through another transformation. With the purchase by Vail Resorts Management Company, the entire Whistler community is making changes to embrace the Vail strategies and welcome/accommodate the more upscale, international consumers that Vail targets.

And now.....

The Adara, like the rest of Whistler, is also going through a refresh and an upgrade to ensure we capture our fair share of the shifting demographics and Whistler market dynamics. In addition, the Adara was due for a brand refresh, as the last major design and facilities renovation was in 2005/2006 – we are updating our look and feel.

Over the past 2 years the common areas of the hotel – pool, pool deck, lobby and hallways have been improved and updated to match the direction of our branding and guest experience refresh. In the guest rooms, all mattresses were replaced in 2019 and showers in half of the rooms have undergone an upgrade and renovation as well.

In addition, we have hired new staff and expanded our network of partners in Whistler. We are using these relationships to bring products and experiences that will enhance The Adara guest experience.

In the future.....

Looking forward, we will complete the roll out of our brand refresh. We will update the remaining showers and upgrade/update the décor of the rooms, in stages, over the next 3-4 years to consistently present our new look-and-feel and remain relevant to the guests at Whistler. *Note: these renovations are/will be funded from the Furniture, Fixtures and Equipment Reserve Fund (FF&E) as outlined in the Administration and Finance Section of this Guide and in the Rental Management Agreement (RMA).*

In addition, we have a couple of capital projects on the immediate horizon (fall 2019): significant infrastructure investment to rebuild the elevator and to replace the transformers and switching equipment in the hydro vault. *Note: these projects have been fully funded as of the printing of this Guide.*

We are optimistic about the prospects of our property and we are confident that you will find ownership beneficial. With our unique self-management structure, we enjoy superior returns at The Adara. But Owner engagement and involvement is critical to sustaining these rates of return. We encourage you to consider joining the Board of Directors of the Adara Hotel Owners Management Corporation (AHOMC) to lend a helping hand in managing the business and enhancing our success.



3. AHOMC* LEADERSHIP

Our self-management structure is a critical contributing factor to the superior financial success of the Adara. By eliminating large fees for a third-party management company, more of the profits flow through to the Owners. But that also means that it is critical that Owners engage and support our volunteer Board of Directors (BOD).

There is always a need for new blood on the Board of Directors. After a year or two as an owner, consider serving on the BOD. You will get a chance to really get to know the heart of the business of this re-emerging leader at Whistler and to contribute to its continued success.

CURRENT BOARD OF DIRECTORS

| NAME | CURRENT POSITION | IN CURRENT POSITION SINCE | TOTAL TENURE ON BOARD |
|-------------------|-------------------------|----------------------------------|------------------------------|
| Annetta Hewko | President | June 2019 | April 2017 - present |
| Leigh Higinbotham | Member at large | Feb 2019 | Aug 1996 – present |
| Mimi Luk | Vice President | June 2019 | 2007 – pres (approx) |
| Michael Simpson | Secretary | June 2019 | June 2018 - present |
| Dawn Solomon | Treasurer | Feb 2019 | Jan 2019 - present |

Key Staff:

General Manager
Operations Manager

Doug DeYagher
Ryan Murin

Operations Support Service Providers

Strata Management Company
Bookkeeping & Accounting Services
Annual Financial Review & Guidance

Whistler Resort Management (WRM)
LedgersOnline Inc.
Tomkins Wozny LLP

**AHOMC = Adara Hotel Owners Management Corporation*



4. ADMINISTRATION & FINANCE

Getting Started

Owner Information Form

In this guide you will find an **Owner Information Form** (Appendix B) which asks for key information required for participation in the rental pool. **New owners, please complete the form and send it to adara.bod@adarahotel.com and jirina.sucova@ledgersonline.com as soon as possible.** We cannot make any payouts to you until we have this information.

Rental Management Agreement

For your reference, we have included the **Rental Management Agreement (RMA)**, Appendix E, which is legally assigned to you with the purchase of your unit. Please familiarize yourself with the terms of the agreement. The information contained in this Guide only provides a general overview.

Adara Rental Pool

Your unit is part of The Adara rental pool, as required by Whistler Zoning By-Laws for all Phase 2 properties in Whistler Village (The Adara is a Phase 2 property. Refer to Appendix D). You are eligible to receive Direct Payouts based on hotel operating results and the equity balance for your unit net of indirect payouts (strata fees and FF&E contributions are made on your behalf for each unit). **For more detail see the following section on Owner Payout Policy and consult the RMA.**

Critical Information: Please note that when a unit is sold, the equity balance (positive or negative), including the unit's share of FF&E Reserve Fund and unit share of the Operating Reserve transfer with the unit to the new owner.

Operational Information

Strata Structure

The Adara operates as part of a mixed classification Strata Corporation. The Strata Corporation is made up of 3 Sections:

- **Residential Section:** The Adara Hotel representing the 42 residential strata lots which make up the hotel operations.
- **Commercial Section:** 13 commercial strata lots which include individual commercial operators in our building such as Buffalo Bills, Fat Tony's Pizza among others.
- **Common Section:** the common areas and infrastructure of our building, including the roof, foundation, exterior walls, elevator, plumbing etc. The Residential and Commercial Section jointly contract a strata management company (as required by law) to manage all strata business, including renovations and repairs to common property. Whistler Resort Management (WRM) is our strata management company.

As an owner you will be receiving reports and information about hotel business from 2 entities:

1. **Whister Resort Management (WRM):** oversees all common property requirements (including strata fees, maintenance/repairs, significant capital investments, etc.) and the Annual General Meeting (AGM)
2. **Adara Hotel Owners Management Corporation (AHOMC):** responsible for all hotel operations, including in-unit maintenance, repairs, and décor upgrades.



Administration and Finance (con't)

Adara Management Fiscal Approach

The Adara BOD and General Manager consistently put forth their best effort to maximize revenues and owner payouts and at the same time continue to build a business and a brand that can maintain profitability and growth over time. In addition, the Board strives to keep owner administration and on-going financial transactions as simple and cost-effective as possible and to keep the need for special assessments or incremental cash contributions at a minimum (avoid writing additional cheques to the extent possible). There are 3 critical elements to our approach.

1. The AHOMC maintains an operating cash reserve of a minimum \$75,000, at the present time, to ensure sufficient operating funds through the slow season or an unexpected short-term downturn. This reserve amount is reviewed by the Board annually.
2. The AHOMC pays monthly strata fees on your behalf, for each unit from the unit's equity – eliminating the need for you to manage this and make payments each month.
3. The AHOMC maintains a reserve derived from 4% of Gross Revenue for replacement and repair of Furniture, Fixtures and Equipment (FF&E Fund). This amount is approved in the Annual Operating Budget and Plan. To minimize special assessments or incremental requests for cash contribution, the AHOMC makes this contribution monthly on your behalf.

Note of clarification: *There may be times when owners are asked to make a cash contribution as a special assessment to fund essential infrastructure or long-term capital investment, e.g. elevator rebuild. These infrastructure investments are outside regular hotel operations. Therefore they are considered strata projects and managed by the strata management company (WRM) upon appropriate approval of strata lot owners.*

Financial Reports and Business Updates

You should expect an **Owner's Statement and Hotel Financial Statement** each month from LedgersOnline, beginning the month after you take ownership of your unit. This report will reflect the hotel revenues and expenses allocated to each unit you own, a summary of all direct and indirect payouts (including monthly strata fees, FF&E contributions and any other payments made on your behalf), and a review of the opening and closing equity balances for your unit(s) for that month.

The BOD and General Manager will provide a general **Business Update** two times a year. Once as part of the Annual General Meeting (usually held in March) and again in the 4th quarter of the year.

We hope that you will be make it a priority to attend the **Annual General Meeting**, usually held in March of each year in North Vancouver. At this meeting we review the prior year performance, present the Annual Operating Plan and Budget for the coming year and elect Strata Council members. WRM organizes our Annual General Meeting and sends out relevant meeting information and forms approximately 1 month prior to the meeting date. *If you are not able to attend, please ensure that you return your proxy votes to WRM, our strata management company, in a timely manner.*

IMPORTANT NOTE: *The AHOMC BOD will only provide unit or other Adara financial information directly to the unit Owner(s). Information will not be provided to any third parties, including realtors or prospective buyers. It is each Owner's prerogative and responsibility to provide information requested by realtors or prospective buyers directly to them.*



Administration and Finance (con't)

Whistler Fee and Property Taxes

As a property owner in Whistler you are required to pay a membership fee to Tourism Whistler and property taxes to the Municipality of Whistler.

1. **Property Taxes** on each unit are paid by individual Owners directly to **The Resort Municipality of Whistler (RMOW)**. RMOW sends out tax bills in the third week of May. Payments are due on the first working day of July. For more information on Whistler property taxes, please refer to <https://www.whistler.ca/municipal-gov/budget-taxes/property-tax>
2. **Membership Fee** for **Tourism Whistler** is paid by individual Owners directly to Tourism Whistler annually. Tourism Whistler sends out bills in January. Payments are due by March 31.

Tourism Whistler is a legislated mandatory membership organization, empowered to market Whistler on behalf of its Members. All owners on designated "Resort Lands" in Whistler *must* be a Member of Tourism Whistler and contribute assessment fees to support ongoing marketing and sales initiatives. For more information on Tourism Whistler and required membership fees, please refer to <https://members.whistler.com/>



5. Owner Payout Policy

Background

The rental pool at the Adara has been self-managed since May, 2011 by the Adara Hotel Owners Management Corporation Board of Directors (BOD) -there is no third-party management company for hotel operations as with other hotel properties, thereby eliminating the corresponding management fees. Our General Manager, hired by the BOD, brings a professional approach to the operation and management of the business. LedgersOnLine and Tompkins Wozny look after the overall financial position of the hotel and review compliance. We have adopted this type of structure in order to optimize operations and returns to owners.

Payout Policy

Revenues and expenses from all hotel units are pooled and then allocated according to your unit's share. Individual unit shares are listed in the Rental Management Agreement (RMA) in Appendix F.

Units are automatically included in the pool except for the days you or your immediate family members occupy your unit (utilizing the Owner Use Rate as outlined in this Guide pages 10 & 11 and the RMA).

1. Historically, Adara unit Owners have **usually received a DIRECT PAYOUT of their units' operating equity** balance, for the months of **December through March and July through September**, in the month directly following, after the Board has reviewed and approved the financials. However there is **no guarantee, explicit or implied**, of a direct payout due to the seasonal nature of our business.
2. **INDIRECT PAYOUTS, in the form of strata fees and FF&E contributions**, are made on each owner's behalf **every month** of the year. All owners in good financial standing receive an indirect payout every month in the form of their strata fees and FF&E contributions being paid on their behalf from their individual equity account.
3. Cash distributions will be processed within thirty days of month-end, subject to BOD approval.

NOTE: *The Adara Hotel Owners Management Corporation Board of Directors has the responsibility to retain sufficient working capital to ensure solvent business operations and minimize/avoid the necessity to ask owners to make cash contributions to fund the Adara Hotel Operations. However, there may be times when owners are asked by the strata corporation, outside of hotel operations, to make a cash contribution to fund essential infrastructure or other long-term capital investments contingent on appropriate approval by strata lot Owners.*

CRITICAL INFORMATION: All Owners are required to set up direct electronic deposit capability with LedgersOnline to receive payouts. We cannot process payouts without direct deposit capability.

To set up direct deposit, complete the lower portion of the **Owner Information Form** (Appendix B).
Return the fully completed form to the AHOMC at adara.bod@adarahotel.com
and to LedgersOnline at jirina.sucova@ledgersonline.com

NOTE: Non-resident owners must also have a signed Acknowledgement Letter on file with the AHOMC and LedgersOnline (see page 11 and Appendix C).



6. Communication Guidelines for Owners

Background

We strive to keep Owners informed of all important developments at The Adara, through the Monthly Financial Statements and the semi-annual Business Updates (see page 6). Given our unique self-managed structure, the BOD works very closely with the GM and has more hands-on involvement in hotel operations than other Boards of rental pool properties where a third-party manages hotel operations. This makes our operation leaner and means that Hotel staff, especially the GM carry a broader set of responsibilities.

Purpose of the Communication Guidelines for Owners

- *To ensure that individual Owner questions are addressed in a timely manner*
- *To keep all Owners fully informed on all questions and answers that are relevant to owners.*
- *To optimize the use of General Manager's and LedgersOnline's time, manage costs and contractor fees, and limit duplication of effort.*

Communication Guidelines for Owners

1. Please send all your questions, concerns, ideas and suggestions directly to the Board of Directors at their email address, adara.bod@adarahotel.com
2. The BOD will ensure you get a timely response.
3. Where appropriate, the BOD will distribute your questions and answers to all Owners.
4. Monthly Financial Statements come from LedgersOnline. If you have any questions, please address them to the BOD (email above) with "financial question" in the subject line. (Please note that if you call LedgersOnline directly, the hotel is charged additional billable time.)
5. Any questions regarding strata information or information received from WRM should also be addressed to the AHOMC BOD (email above), with 'strata' in the subject line.

We ask that all Owners comply with the above guidelines. We want to

- ensure consistent information flow between Owners and hotel management,
- minimize duplication of effort and make the best use of everyone's time, and
- cost-effectively manage contractor and their fees.



7. Owner Use Policy

Background & Overview

The Adara Hotel owners are entitled to use their unit(s) 28 days in the spring and summer and 28 days in the fall and winter based on the Resort Municipality of Whistler's (RMOW's) covenant which is in force on all Phase 2 properties in Whistler Village, of which The Adara is one.

To accommodate a range of situations and to maximize earnings for all Owners, a 2-tiered pricing structure has been developed. One for direct Owner use, another for friends, extended family and associates of the Owner.

The Purpose of the Owner Use Policy

- To provide flexibility for Owner use as well as favorable rates for Owners' friends and family stays at the Adara.
- At the same time, strive to optimize rental pool revenues and cover the actual cost of making the room available to an Owner (this includes daily cleaning and preparing the room for the next guests).

Owner Use Stay:

- *Owner Use Stay is available to direct family members only: owner, owner's spouse or children, owner's parents or siblings.*
- *The unit is removed from the rental revenue pool for the duration of an Owner Use Stay. No revenue is earned for that room while it is being used for an Owner Use Stay.*
- *There is no daily room charge for Owner Use Stays.*
- *Units which are occupied for Owner Use Stays, remain in the expense pool to cover the cost of daily cleaning and preparing the room for the next guests.*

Friends & Family Stay:

- *Friends & Family Rate is available to Owner/immediate family, extended family or friends of Owner.*
- *Friends & Family Rate bookings are not available for holidays, peak season weekends, winter holiday week between Christmas and New Year, or event weeks when the Adara gets large group bookings (often sell outs)*
- *The unit stays in the rental pool for the duration of the Friends & Family Stay - the owner shares in the rental pool revenues and expenses for those days as per normal operations.*
- *Occupants will be charged a preferential room rate.*

Friends & Family Rate:

Friends and family will be charged a nightly room rate that is **25% below the best available rate** for a direct booking through the hotel. This excludes any special packages or promotional rates offered by any third party booking agents, such as Booking.com, Expedia, Hotels.com, etc.



Owner Use Policy (con't)

Booking unit(s) for an Owner Use or a Friends & Family Stay.

We require a minimum of 60-day advanced booking for Owner Use and Friends and Family Stays, but shorter lead time may be possible in the shoulder season. It is in the best interest of the Owner to book in advance, as your unit may already be rented. Of course, Adara staff will always do their best to accommodate all owner requests but keep in mind we only have 42 units.

For booking Owner Use or Friends & Family stays, please follow the protocol outlined below:

1. Submit your request for any Owner Use or Friends & Family Stay directly to the General Manager via email: doug@adarahotel.com at least 60 days in advance of your anticipated arrival.
- ***please note: Owners need to book their rooms personally via email for their own stay as well as any Friends & Family Stay.***
2. The GM or front desk staff will get back to you within 3 days on the availability and rate, if applicable, of your room for the requested dates.
3. You will be asked to confirm your stay via email within 7 days of receipt of availability and rate information.
4. Black out dates apply: Holidays, peak season weekends and the winter holiday week between Christmas and New Year.
5. Cancellation Policy: hotel must be notified at least 72 hours in advance. If there is a no-show for any Owner or Friends & Family Stay, the unit will be excluded from the rental pool for the duration of the no-show booking.
6. All other guest rules and policies, as outlined on the Adara website (www.adarahotel.com) apply.

If booking arrangements are not made by you, the Owner, in advance for your or your guests' arrival, you or your guests may be asked to pay the full going rate or may have to be turned away if the hotel is full.

Staff will make every effort to accommodate last minute requests, however these will be handled on an exception basis and priority will be given to paying guests if Owner requests come in less than 60 days prior to the stay.

Owners please plan ahead.

Doing so will make it easier for you to enjoy the stay you want.

A note about Parking....

Parking at The Adara is very limited. Every effort will be made to accommodate owner or owner guest vehicles. Owners' vehicles, like all guest vehicles are valet parked. Owners and their guests do enjoy a preferential rate for parking.

- **Owners and their guests pay \$10/day.** (Guest parking rate at the Adara is normally \$25/day.)



8. Non-Resident Owners: Canadian Tax Obligation and Required Documentation

As a non-resident (NR) owner earning Canadian-sourced business income in a permanent establishment of Canada, you are responsible for self-reporting and filing a Canadian tax-return every year as required by the Canadian Revenue Agency (CRA).

The AHOMC does not withhold tax at the source when making payouts to owners and as such, AHOMC is in no way responsible or liable for any issues that may arise from your obligation under Canadian law to self-report and file annual Canadian tax returns.

Each non-resident Owner is solely and completely responsible for managing his/her tax obligations.

The AHOMC Board of Directors strongly recommends that you consult a tax advisor to determine your obligations including how to follow proper CRA tax filing procedures.

The AHMOC therefore relinquishes all responsibility concerning your non-compliance of the aforesaid, and specifically, will not be held liable for any consequences from any NR not fulfilling his/her tax obligations or following proper filing procedures in a timely manner as required by the CRA.

The AHOMC requires that each non-resident Owner provide a signed and dated letter (Appendix C) acknowledging that they understand that the AHOMC does not withhold tax at the source, therefore each resident is solely responsible for their Canadian tax obligations. The AHOMC will keep that letter on file. Payouts cannot be processed until the AHOMC has this letter on file.

If you have any questions, please contact the Adara Hotel Board of Directors at adara.bod@adarahotel.com

Note: As of August 30, 2018, the Adara Hotel Owners Management Corporation (AHOMC) no longer requires Non-Resident Owners to provide a Regulation 805 Waiver from the Canadian Revenue Agency (CRA). The Board has consulted with other affected properties and has received a CRA memo on file supporting this change of policy.



9. WHISTLER ZONING BY-LAW GOVERNING THE ADARA

The Adara Hotel and other Whistler Phase 2 properties are governed by the zoning bylaw provisions related to properties considered to be the core visitor accommodation bed base in the Village. This bylaw, enacted in 2017, is intended to help preserve the vibrancy of the Resort Village and support financial success for businesses that operate there. The zoning bylaw requires that Phase 2 Inns, Hotels, Lodges and other Tourist Accommodation are managed as rental pools in order to maximize the number of persons able to stay in the Resort Municipality of Whistler (RMOW).

As such, all owners in Phase 2 properties, of which The Adara is one, are required to participate in the approved RMOW rental pool.

Please refer to APPENDIX E for a copy of the “Zoning Amendment Bylaw (Hotel and Phase 2 Rental Pool Accommodations) No. 214, 2017 – A Bylaw to amend Zoning and Parking Bylaw No. 303, 2015.



OWNERS REFERENCE GUIDE

APPENDICES

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| E. | Rental Management Agreement (RMA) | page 22 |



APPENDIX A

NEW OWNER CHECKLIST

Congratulations on your purchase of a unit at The Adara. Please make sure that you have completed the items on this checklist to ensure a smooth transition of ownership, legal compliance, and timely payouts to you.

- Review Rental Management Agreement (RMA), in Appendix F.

- Complete the Owner Information Form (Appendix B). Return it to adara.bod@adarahotel.com AND jirina.sucova@ledgersonline.com .
It's critical to provide bank information on the Owner Information Form. Payouts cannot be made if LedgersOnline does not have your bank information. (See Section 5 on page 7 of this Guide for more information on the Owner Payout Policy.)

- Non-Canadian Residents must sign and submit a non-Resident Acknowledgement Letter (Appendix C). Please return it to adara.bod@adarahotel.com AND jirina.sucova@ledgersonline.com . For more information, please refer to the Section 8 of this Guide (page 11).

- Familiarize yourself with the policies and procedures of The Adara: Review this Owner's Reference Guide and carefully review the Rental Management Agreement (RMA)

Please remember to inform us if your contact or banking information changes.



APPENDIX B

OWNER INFORMATION FORM

Please complete and return this form to:

AHOMC Board at adara.bod@adarahotel.com AND to LedgersOnline at jirina.sucova@ledgersonline.com

To complete the form electronically, open attached word file. To add your information click on the relevant box and type.

| | | | |
|-----------------|--|----------------|--|
| Date: | | | |
| Unit #: | | Purchase date: | |
| Owner Name: | | | |
| Street Address: | | | |
| City: | | | |
| Province/State: | | | |
| Country: | | | |
| Email 1: | | | |
| Email 2: | | | |
| Cell Phone: | | | |
| Home Phone: | | | |

BANKING INFORMATION - Required for Direct Deposits of Owner Payouts

Please attach a voided cheque for the account into which you will receive disbursements of your Owner Payouts. If you are submitting electronically, please include an image/scan of a voided cheque.

IMPORTANT! PLEASE READ AND COMPLETE THE BOX BELOW.

Please verify that you have reviewed the Rental Management Agreement (Appendix E).
I have reviewed the Rental Management Agreement (RMA): _____ (initials)



APPENDIX C

Non-Resident Owner Acknowledgement Letter

*All non-resident Owners must complete, sign and return this letter to The Adara Board of Directors at adara.bod@adarahotel.com and to LedgersOnline at jirina.sucova@LedgersOnline.com .
A completed, signed letter must be on file before a non-resident Owner can begin to receive Owner Payout.
For more information about this please see Section 8, page 11 of the Owner Reference Guide.*

To the Adara Hotel Owners Management Corporation Board of Directors

I, _____ (name) owner of unit number _____ (please print) hereby release and indemnify, defend and hold the AHOMC and each of their former, current and future stockholders, subsidiaries, affiliates, employees, directors, officers, agents, heirs, administrators, and each of their predecessors, successors and assigns harmless from and against all liabilities, claims, actions, damages, costs and expenses (including all reasonable legal fees and expenses that may be incurred by the AHOMC) arising out of or resulting from my failure to satisfy any Canada Revenue Agency requirement, or from breaches of any obligation set out by CRA, or any claim or cause of action of any kind and all claims arising from or in connection with my obligation to self-report and file annual Canadian income tax returns.

Signed: _____ Date: _____

Witness

Name: (please print) _____ Signed: _____ Date: _____



APPENDIX D

RESORT MUNICIPALITY OF WHISTLER

ZONING AMENDMENT BYLAW (Hotel and Phase 2 Rental Pool Accommodations) No. 2140, 2017

A BYLAW TO AMEND ZONING AND PARKING BYLAW NO. 303, 2015

WHEREAS the Council has enacted a zoning bylaw; and

WHEREAS the Resort Municipality of Whistler has, since incorporation, been the grantee of numerous rental pool covenants granted under s. 219 of the *Land Title Act* and predecessor legislation, by which the grantors agreed to use buildings on the covenanted land in such a way as to ensure that the use of the buildings maximizes the number of persons able to visit and stay in the Resort Municipality of Whistler; and

WHEREAS the Council wishes to include in the zoning bylaw provisions related to the use of specified properties that are considered to be the core visitor accommodation bed base, that are generally consistent with the provisions in Hotel and Phase 2 rental pool covenants; and

WHEREAS, to the extent that the lands that are dealt with in this bylaw are subject to a land use contract, it is the Council's intention that the zoning bylaw, including the provisions that are added to the zoning bylaw by this Bylaw, will apply to those lands upon the termination of the land use contract;

NOW THEREFORE the Municipal Council of the Resort Municipality of Whistler, in open meeting assembled, **ENACTS AS FOLLOWS:**

1. This Bylaw may be cited for all purposes as "Zoning Amendment Bylaw (Hotel and Phase 2 Rental Pool Accommodations) No. 2140, 2017".

2. Zoning and Parking Bylaw No. 303, 2015 is amended in Part 5 General Regulations, by changing the heading of Section 18 to "**Hotel, Inn, Lodge and Tourist Accommodation – Additional Use Regulations**" and by adding to Section 18 the following regulations:

"(4) In subsections (5) to (9):

"**Hotel and Phase 2 rental pool arrangement**" means an arrangement by which tourist accommodation properties are managed and made available for temporary lodging by visitors and unit owners in accordance with this Section 18;

"**registered owner**" means the person registered in the Land Title Office as owner in fee simple or lessee of a unit, or where there is a registered agreement for sale of the unit, the registered holder of the last registered agreement for sale;

"**unit**" means a unit of accommodation, including any guest room, sleeping unit, habitable room or rooms, or dwelling unit located within a tourist accommodation property; and

"**unit owner**" means the registered owner of a unit and the spouse, children and parents of such registered owner and the parents of the registered owner's spouse; and where there is more than one registered owner of a unit, all the registered owners and their spouses, children, parents and the parents of their spouses shall together constitute the unit owner for that unit and, where the registered owner is a corporation or corporations, all



directors, officers, shareholders and employees and the spouses, children and parents of each of them shall together with the corporation or corporations constitute the unit owner for that unit, all to the intent that no unit shall have more than one unit owner.

- (5) The properties identified in Table 5B shall be used only in accordance with subsections (6) through (8).
- (6) The properties identified in Table 5B must be used or made available for use at all times for temporary lodging by visitors to the Resort Municipality of Whistler by means of a Hotel and Phase 2 rental pool arrangement that is applicable to, at a minimum, each and every accommodation unit in the same building, or group of buildings on the same parcel or in the same strata plan, with the exception of:
 - (a) unit owner accommodation use of a unit that complies with the requirements of a Hotel and Phase 2 rental pool arrangement and any applicable covenant granted to the Resort Municipality of Whistler under s. 219 of the *Land Title Act* or predecessor legislation;
 - (b) unit owner accommodation use of a unit where the unit owner is paying the market rate for lodging on the same basis as a visitor to the Resort Municipality; and
 - (c) the use of the unit by owners of time share interests in a unit for which a documented time share arrangement such as a time share use plan or time share ownership plan filed pursuant to the *Real Estate Development Marketing Act* was in existence on May 23, 2017 provided that the use complies with the requirements of the applicable time share arrangement.
- (7) The Hotel and Phase 2 rental pool arrangement mentioned in subsection (6) must be operated by a single professional rental pool manager providing integrated booking, reception, cleaning, laundry, and other services normally associated with the provision and management of commercial tourist accommodation, to every accommodation unit in the same building, or group of buildings on the same parcel or in the same strata plan.
- (8) No use or occupancy of a property identified in Table 5B is permitted unless the lobby required by subsection (1) and Table 5A includes a front desk that provides service 24 hours per day and must be used by each guest and unit owner to register their arrival and departure, and the following facilities, in addition to the facilities required by subsection (1) and Table 5A, are provided and in operation in the building in which the property is located, or in an adjacent building comprising part of the same property:
 - (a) a uniform key entry system operated by the rental pool manager at the front desk to provide authorized access to each accommodation unit within the property or in any time share arrangement described in paragraph (6)(c);
 - (b) housekeeping and building maintenance services; and

- (c) a central telephone system operated by the rental pool manager to provide communication between the front desk and each accommodation unit.
- (9) Every rental pool manager operating a Hotel and Phase 2 rental pool arrangement described in this Section 18 requires a business licence issued by the Resort Municipality.
- (10) For certainty, Phase 2 rental pool arrangements required by this Section 18:
 - (a) may include arrangements by which a strata corporation, directly or through an intermediate entity, makes all of the strata lots in its strata plan available from a common rental pool for temporary lodging by visitors and provides the services described in subsections (7) and (8) in respect of those strata lots; and
 - (b) may provide for the sharing of rental revenues among tourist accommodation unit owners in any way the parties in the arrangement may determine.”

3. Zoning and Parking Bylaw No. 303, 2015 is further amended in Part 5 General Regulations, by adding to Section 19 the following table:

Table 5B Hotel and Phase 2 Rental Pool Accommodation

| Property Name | Plan Number | Subdivision Lot Numbers (Accommodation Units) |
|--------------------------------|-------------|-----------------------------------------------|
| Aava Whistler Hotel | 19101 | 59 |
| Adara Hotel | VAS1858 | 14-55 |
| AlpenGlow | LMS2818 | 1-87 |
| Blackcomb Lodge | VAS877 | 2-73 |
| Clocktower | VAS883 | 2-16 |
| Coast Blackcomb Suites | LMS2364 | 1-119, 121-187 |
| Crystal Lodge – North | BCS3891 | 15-82 |
| Crystal Lodge – South | LMP29105 | A |
| Delta Whistler Village Suites | LMS2940 | 22-252, 254-303 |
| Executive Inn | VAS960 | 3-39 |
| Fairmont | VAP21501 | 7 |
| Four Seasons Resort Whistler | BCS825 | 8-20, 22-250 |
| Hilton Whistler Resort | VAS1218 | 4-166 |
| Hilton Whistler Resort | VAS2359 | 1-126 |
| Listel Whistler Hotel | VAS2217 | 4-23, 26-53, 55-104 |
| Montebello | LMP44058 | 1 |
| Mountainside Lodge | VAS1026 | 3-68, 70-91 |
| Nita Lake Lodge | BCS2647 | 5-14, 16-82 |
| Pan Pacific Lodge Mountainside | LMS3028 | 1-121 |
| Pan Pacific Lodge Village | BCS1348 | 12-94 |
| Pinnacle International Hotel | LMS2611 | 12-95 |
| Powders Edge (Hilton) | VAS2126 | 4-9 |
| Summit Lodge and Spa | LMP219 | 19 |



| | | |
|-------------------------------|---------|---------------------------------------|
| Sundial Boutique Hotel | VAS1570 | 18-66 |
| Westin Resort and Spa | LMS4089 | 3-421 |
| Whistler Cascade Lodge | LMS3230 | 1-17, 23-167 |
| Whistler Peak Lodge | LMS1847 | 551-566, 570-589, 591-662, 665-680 |
| Whistler Village Inn + Suites | VAS953 | 1-31, 33-68 |
| Whistlerview | VAS963 | 1-9 |

Given FIRST and SECOND readings this 23rd day of May, 2017.

Pursuant to Section 464 of the *Local Government Act*, a Public Hearing was held this 6th day of June 2017.

Given THIRD reading as revised this 4th day of July, 2017.

Approved by the Minister of Transportation this 6th day of July, 2017.

ADOPTED by the Council this 18th day of July, 2017.

Nancy Wilhelm-Morden,
Mayor

Brooke Browning,
Municipal Clerk

I HEREBY CERTIFY that this is a true copy of
Zoning Amendment Bylaw (Hotel and Phase 2
Rental Pool Accommodation) No. 2140, 2017.

Brooke Browning,
Municipal Clerk



APPENDIX E

ADARA HOTEL

MANAGEMENT AND RENTAL POOL AGREEMENT

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ADARA HOTEL
MANAGEMENT AND RENTAL POOL AGREEMENT

THIS AGREEMENT dated October 1, 2009

BETWEEN:

THE OWNERS OF THE HOTEL STRATA LOTS (AS DEFINED HEREIN), who are parties to this Agreement in accordance with Article 15 hereof

(collectively, the “**Owners**”)

-and-

BELLSTAR HOTELS & RESORTS LTD.

401 – 8989 Macleod Trail

Calgary, Alta, T2H 0M2

(the “**Manager**”)

-and-

RESIDENTIAL SECTION OF THE OWNERS, STRATA PLAN VR1858

c/o Trilogy Management Services Ltd., Suite 1258, 550 Burrard Street, Vancouver, BC
V6C 2B5

(the “**Residential Section**”)

WHEREAS:

- A. The Owners are the owners of the Hotel Strata Lots;
- B. The Hotel Strata Lots are subject to a restrictive covenant under section 219 of the *Land Title Act* in favour of the Resort Municipality of Whistler (“Municipality”), registered in the Land Title Office under no. P32377, modified by an instrument registered under no. R94954 (together, “Restrictive Covenant”), which requires that the Hotel Strata Lots must be placed in a rental management facility or arrangement approved by the Municipality, pursuant to which they are always available for rental to the public, subject to limited use by the Owners;
- C. The Residential Section holds or is entitled to acquire a leasehold interest in the Lobby Sublease Premises pursuant to a sublease dated September 7, 2995 granted by Hospitality Inns

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September 2019

"Commencement Date" means November 1, 2009, or a later date on which the Manager commences management of the Hotel pursuant to this Agreement.

"Common Facilities" means the common facilities located on the Common Property.

"Common Property" means the common property (as defined in the Strata Property Act) within the Strata Plan, other than any limited common property designed for the exclusive use of any of the Hotel Strata Lots.

"Control" means:

- (a) the right to exercise a majority of the votes which may be put at a meeting of the shareholders of a corporation; and
- (b) the right to elect or appoint, directly or indirectly, a majority of the directors of a corporation or other persons who have the right to manage or supervise the management of the affairs and business of a person.

"EBITDA" means earnings before interest, taxes, depreciation and amortization, as determined in accordance with Generally Accepted Hotel Accounting Principles except that 50% of the FF & E Reserve to a maximum of 2% of Gross Revenue is above the EBITDA line and the balance of FF & E Reserve, the Performance Incentive Fee, property taxes and lease payments are below the EBITDA line.

"Employee Benefits" means those benefits given from time to time to employees at the Hotel, including pension, medical, health and life insurance and similar employee plans, bonus or gain sharing plan participation, the benefits of any housing loan and relocation costs.

"Employees" means the employees hired by the Manager pursuant to Section 9.6.

"Escalation Factor" means the fraction (which may be greater than, equal to or less than one) of which:

- (a) the numerator is the All-Items Consumer Price Index for Vancouver, British Columbia published by Statistics Canada, or its successor, as of the date that the Escalation Factor is to be determined; and
- (b) the denominator is the All-Items Consumer Price Index for Vancouver, British Columbia published by Statistics Canada, or its successor, as of the prior date to which the date of the determination of the Escalation Factor is being compared,

except that if at any time Statistics Canada no longer publishes an All-Item Consumer Price Index for Vancouver, or is no longer operated by the Canadian government, the Escalation Factor will be determined by the agreement of the Residential Section Executive and the Manager, or failing such agreement, by arbitration in accordance with Section 17.1.

"FF & E Reserve" means the contingency, furniture, fixtures, and equipment reserve to be established by the Manager pursuant to the terms of Section 6.6.

Ltd. (now B.B. Inns Holdings Ltd.) to Trilogy Timberline Development Corporation and ultimately assigned to the Residential Section;

D. The Owners desire to engage the Manager to act as the Owners' exclusive manager of the operation of the Hotel and of their Hotel Strata Lots in accordance with the terms and conditions set out in this Agreement, and the Municipality has approved this rental management arrangement pursuant to the Restrictive Covenant.

THEREFORE the parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

The following words as used in this Agreement have the following meanings, except as otherwise expressly provided or unless the context otherwise requires:

"Affiliate" means, with respect to any person:

- (a) any person which is Controlled by that particular person; or
- (b) any person which Controls that particular person,

whether such Control be direct or indirect.

"Annual General Meeting" means the annual general meeting of the Strata Corporation, pursuant to the Strata Property Act.

"Annual Statement" has the meaning set forth in Section 8.2(b).

"Approved Operating Plan and Budget" means any Operating Plan and Budget approved pursuant to Section 5.1.

"Arm's Length" means "arm's length" according to the Income Tax Act (Canada), determined in accordance with such Act, the interpretation bulletins issued in connection therewith and all relevant case law, all as from time to time in effect.

"Base Management Fee" has the meaning set forth in Section 7.1.

"Business Day" means any day which is not a Saturday, Sunday, or a statutory holiday in Vancouver, British Columbia, or Easter Monday or Boxing Day.

"Capital Expenditures" means all expenditures of the Hotel of a capital nature which are not expensed, as determined in accordance with Generally Accepted Hotel Accounting Principles.

"Chartered Accountants" means the firm of chartered accountants selected by the Manager and approved by the Residential Section Executive.

“Furniture, Fixtures and Equipment” means all furniture, equipment, fixtures and furnishings necessary for the proper operation of the Hotel and situated in the Hotel Premises, including telephones and telephone systems, computer systems, refrigerators, dishwashers, microwaves, cooktops, stoves, kitchen equipment, carpeting and other floor coverings, draperies, curtains, works of art, pictures, paintings, prints, beds, mattresses, bedspreads, pillows, radios and television sets.

“Generally Accepted Hotel Accounting Principles” means generally accepted accounting principles as published and observed by the Canadian Institute of Chartered Accountants and as supplemented by the Uniform System of Accounts for the Lodging Industry .

“Gross Revenue” means all revenue of any kind derived directly or indirectly from the Hotel Premises or any portion thereof and the operation of the Hotel, including all of the following:

- (a) all revenue from the use and enjoyment of the Hotel by Hotel Guests and Owners pursuant to this Agreement, including room charges and the fees and charges referred to in Section 10.2 and all revenue paid to the Hotel from the use of the Lobby Strata Lot;
- (b) proceeds received from any business interruption insurance;
- (c) all other revenue from the operation of the Hotel, including bank interest earnings, rebates, commissions and vending machine revenue, meeting room rental, common area rental, lease revenue and sub-contract revenue;
- (d) payments received at the Hotel for accommodation, goods or services to be provided at other hotels;
- (e) revenue from any portion of the Hotel Strata Lots which is not included in the Hotel Premises; and,
- (f) forfeited deposits arising from reservations made by Hotel Guests.

excluding, however, all of the following:

- (a) applicable excise, sales, income, hotel, room, entertainment and use taxes or similar government charges collected directly from Hotel Guests and Owners or as part of the sale price of any goods or services;
- (b) proceeds from the sale or other transfers in lieu of and under the threat of expropriation;
- (c) proceeds from the sale or other disposition of strata lots, capital assets or unwanted inventory;
- (d) proceeds of any insurance other than business interruption insurance;
- (e) discounts or credits of a similar nature (other than credit card discounts which will be included as an item of expense and considered a Hotel Expense);

- (f) gratuities paid to Employees;

“Hotel” means the Hotel Premises and the hotel operation known as “Adara Hotel” managed by the Manager for the Owners pursuant to this Agreement, but does not include the Common Property, Common Facilities or other assets of the Strata Corporation.

“Hotel Bank Accounts” means the bank accounts established pursuant to Section 8.1.

“Hotel Expenses” means all expenses properly incurred in accordance with Generally Accepted Hotel Accounting Principles and the terms and conditions set out in this Agreement in connection with the earning of the Gross Revenue and chargeable to the Owners in accordance with this Agreement, including:

- (a) the Base Management Fee and the Performance Incentive Fee;
- (b) any amount payable to and in respect of the Employees in accordance with this Agreement, including hiring costs and expenses and Employee Benefits, withholding amounts;
- (c) utility costs and charges;
- (d) the cost of the Operating Supplies and Expendables;
- (e) expenses in connection with the maintenance and repair of the Hotel Strata Lots and the maintenance and repair of any Furniture, Fixtures and Equipment;
- (f) the cost of operating and maintaining the Hotel Premises;
- (g) the charges, if any, payable by the Hotel for the use, by the Hotel Employees and Hotel Guests of any off-site facilities near the Hotel Premises;
- (h) travel agent commissions and credit card commissions;
- (i) insurance premiums;
- (j) the cost of preparation and mailing of the statements described in Section 6.1(b) and 8.2(b);
- (k) any amount described in this Agreement as an operating expense associated with the Hotel Premises;
- (l) hotel operating license fees and the cost of legal services required with respect to Hotel Operations;
- (m) the Owner's Strata Lot Expenses;
- (n) any lease payments referable to all Owners (but for greater certainty, excluding payments under the Travelers Equipment Leases),

but excluding the following:

- (i) depreciation and amortization;
- (ii) Capital Expenditures;
- (iii) any taxes personal to the Owners, including income taxes, property taxes, capital taxes and large corporations taxes; and
- (iv) debt service payments payable by the Owners.

“**Hotel Guests**” means the users and occupants of the Hotel Strata Lots from time to time.

“**Hotel Operating Income**” means Gross Revenue less Hotel Expenses.

“**Hotel Premises**” means the Lobby Sublease Premises, the Hotel Strata Lots, and all limited common property designated for the exclusive use of any one or more of the Hotel Strata Lots, located at 4122 Village Green, Whistler, British Columbia.

“**Hotel Strata Lots**” means, at any time, those of strata lots 14 through 55, Strata Plan VR1858, whose owners are parties to this Agreement, together with any limited common property designated for the exclusive use of any such strata lots.

“**In the Rental Pool**” has the meaning set forth in Section 6.3.

“**Performance Incentive Fee**” has the meaning set forth in Section 7.1.

“**Land Title Office**” means the British Columbia Land Title Office or the successor thereof.

“**Limited Service Resort**” means the standards of a mid market limited service resort, in accordance with the hotel industry standards having regard to the facilities of the Hotel.

“**Lobby Sublease Premises**” means those portions of the Common Property shown on Plans LMP25216, LMP25217 and LMP25218, subject to a lease registered in the Land Title Office under number BJ275204 and ultimately subleased to the Residential Section as described in Recital C of this Agreement;

“**Majority Vote Resolution**” means a resolution passed at a meeting of the Owners properly convened in accordance with Section 4.1 passed by at least 50% of the votes cast by eligible voters who are present in person or by proxy at the time the vote is taken and who have not abstained from voting.

“**Manager**” means Bellstar Hotels & Resorts Ltd., and its successors and permitted assigns.

“**Monthly Statement**” means a statement as set forth in Section 6.1 done every month throughout the Operating Year.

“**Operating Cash Reserve**” means the reserve to be established pursuant to Section 6.7.

“**Operating Plan and Budget**” means the marketing and operating plan and budget for the operation of the Hotel for any Operating Year established pursuant to the terms of Sections 5.1 and 5.2.

“Operating Supplies and Expendables” means all operating supplies used by the Manager in the operation of the Hotel in accordance with this Agreement, including the terms of any Approved Operating Plan and Budget, including laundry supplies, linens, housekeeping supplies, engineering supplies, accounting supplies, miscellaneous general supply items, uniforms, inventories, paper supplies and other such items that when used once are considered to be disposed of, and all other similar items necessary or appropriate for the operation of the Hotel as contemplated by this Agreement.

“Operating Year” means each period of twelve (12) months from and including the first day of January to and including the last day of December, or a portion thereof in the case of the first and last years of the Term.

“Owner's Strata Lot Expenses” means the monthly maintenance fees and other amounts payable to the Strata Corporation in respect of a Hotel Strata Lot but does not include fines levied by the strata corporation for an Owner's contravention of a bylaw or rule.

“Person” means any individual, corporation, body corporate, partnership, joint venture, trust, unincorporated organization or other entity, government or governmental or regulatory authority, however constituted, or any trustee, executor, administrator or other legal representative.

“Performance Expectations” means the Owners' Performance Expectations of the Manager as set out in Schedule E.

“Pooled Unit Share Ratio” in respect of any day means, with respect to any Hotel Strata Lot, the fraction which has as its numerator the Unit Share Interest of such Hotel Strata Lot and as its denominator the aggregate of the Unit Share Interest of all of the Hotel Strata Lots in the Rental Pool.

“Prime Rate” means the floating rate of interest used by the main branch in the Vancouver, British Columbia of the Royal Bank of Canada from time to time as a reference rate for establishing rates of interest for Canadian dollar loans payable on demand and commonly known as its “prime rate”.

“Related Person” means, with respect to any person:

- (a) any Affiliate of such person;
- (b) any person who is not at Arm's Length to such person or any Affiliate of such person; and
- (c) any person who is a director, officer, employee or agent of such person or any Affiliate of such person or any spouse, parent, child or relative (including by marriage) of any of the foregoing.

“Rental Pool” means the rental management arrangement in respect of the Hotel Premises undertaken by the Manager on behalf of the Owners pursuant to this Agreement, in which the Hotel Strata Lots are made available to the general public in connection with the operation of the Hotel.

“**Residential Section**” means the Residential Section of The Owners, Strata Plan VR1858, being a body corporate pursuant to the *Strata Property Act*.

“**Restrictive Covenant**” has the meaning set out in Recital B.

“**Security**” has the meaning as set forth in Section 15.5.

“**Security Holder**” has the meaning set forth in Section 15.5.

“**Special Resolution**” means a resolution passed at a meeting of the Owners properly convened in accordance with Section 4.1 passed by at least 75% of the votes cast by eligible voters who are present in person or by proxy at the time the vote is taken and who have not abstained from voting.

“**Strata Corporation**” means The Owners, Strata Plan VR1858, being a body corporate pursuant to the *Strata Property Act*.

“**Strata Corporation Bylaws**” means bylaws and rules of the Strata Corporation, including those applicable to the Residential Section.

“**Residential Section Executive**” means the members of the executive of the Residential Section who are elected in accordance with the *Strata Property Act*.

“**Strata Manager**” means the strata manager appointed by the Strata Corporation and/or the Residential Section from time to time or if no manager is appointed then the Residential Section Executive.

“**Strata Property Act**” means the *Strata Property Act* of British Columbia, as amended from time to time.

“**Strata Plan**” means the strata plan for the Hotel Strata Lots that has been filed in the Land Title Office.

“**Telephone Reservation Fee**” means the fees charged by the Manager for providing reservation services, which are currently (a) with respect to direct bookings, an amount equal to seven percent (7%) of the total room charge upon reservation to a maximum of one hundred and twenty dollars (\$120.00) per reservation; and (b) with respect to travel agent or wholesaler reservations, five dollars (\$5.00) per reservation. The Manager may change the Telephone Reservation Fees from time to time. Such changes will be subject to the approved Operating Plan and Budget.

“**Travelers Equipment Leases**” means equipment leases between the Strata Corporation and Travelers Financial Corporation numbered A061166 and A061167, which have been serviced by 25 Owners, the remaining Owners having paid their proportionate share of the relevant expenses in a lump sum.

“**Term**” means the Initial Term or a Renewal Term, as the case may be.

“**Unit Revenue Share**” has the meaning set forth in Section 6.2.

“Unit Share Interest” means, with respect to any Hotel Strata Lot, the number which is set out opposite the description of such Hotel Strata Lot in Schedule D.

“Unit Share Ratio” means, with respect to each Hotel Strata Lot, the Unit Share Interest of such Hotel Strata Lot divided by the Unit Share Interests of all Hotel Strata Lots.

1.2 Interpretation

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

- (a) “this Agreement” means this hotel management and rental pool agreement as it may from time to time be supplemented or amended by one or more agreements between the parties in accordance with the terms hereof;
- (b) all references in this Agreement to designated “Articles”, “Sections” and other subdivisions are to be designated Articles, Section and other subdivisions of this Agreement;
- (c) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole or not to any particular Article, Section or other subdivision;
- (d) the headings are for convenience only and do not form a part of this Agreement and they will not be used to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (e) the word “including”, when following any general statement, term or matter, will not be construed to limit such general statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as “without limitation”, “without limiting the generality of the foregoing” or “but not limited to” or words of similar import) is used with reference thereto but rather shall be deemed to refer to all other items or matters that would reasonably fall within the broadest possible scope of such general statement, term or matter; and
- (f) words importing the neuter gender include the masculine and feminine gender and words in the singular include the plural, and vice versa.

1.3 Applicable Law

This Agreement shall be governed by and construed and enforced in accordance with the laws of the Province of British Columbia, which will be deemed to be the proper law hereof, and, subject to Article 17, the courts of British Columbia will have exclusive jurisdiction in connection with all matters under this Agreement and the interpretation and enforceability hereof.

1.4 Statutes

Any reference in this Agreement to any statute means such statute and any statute or law enacted to supersede or replace such statute.

ARTICLE 2 TERM OF AGREEMENT

2.1 Term

The initial term of this Agreement shall be for a period of approximately twenty (20) years and two (2) months (the "Initial Term") commencing on the Commencement Date and ending in any event on December 31, 2029.

Following the Initial Term, the appointment of the Manager as the Owners' manager pursuant to this Agreement will be automatically renewed (without the requirement for notice by either the Owners or Manager) for successive periods of 20 years each (the "Renewal Terms") provided that:

- (a) the Owners have not, prior to the end of the Initial Term or the then-current Renewal Term, elected to terminate the appointment of the Manager as manager under this Agreement pursuant to Section 14.2;
- (b) the Manager has not, prior to the end of the Initial Term or the then-current Renewal Term, elected to terminate the appointment of the Manager as manager under this Agreement pursuant to Section 14.3; or
- (c) the Owners have not, prior to the end of the Initial Term or the then-current Renewal Term, elected to terminate the appointment of the Manager as manager under this Agreement pursuant to Section 2.2.

2.2 Termination Without Cause

- (a) The Owners shall be entitled, by Special Resolution, to terminate the Manager as manager at any time during the first thirty-eight (38) months of the Initial Term by delivering ninety (90) days notice and during remaining seventeen (17) years of the Initial Term and during the whole of every Renewal Term by delivering one hundred eighty (180) days notice (the "Notice Period") prior written notice to the Manager. The Owners and the Manager shall continue to fulfill their obligations under this Agreement during the Notice Period provided that, upon or after the commencement of the Notice Period and at any time during the Notice Period, the Owners shall be entitled to immediately terminate the Manager, upon delivering to the Manager:
 - (i) fourteen (14) days prior written notice of the Owners' intention to immediately terminate the Manager; and
 - (ii) payment in the event of termination without cause during first thirty-eight (38) months of the Initial Term of an amount equal to:

- (A) three (3) multiplied by the average monthly Base Management Fee paid to the Manager during the immediately preceding twelve (12) month period minus any Base Management Fee paid to the Manager during the Notice Period; plus
 - (B) three (3) multiplied by the average monthly Performance Incentive Fee paid to the Manager during the immediately preceding twelve (12) month period minus any Performance Incentive Fee paid to the Manager during the Notice Period.
- (iii) payment in the event of termination without cause during the remaining seventeen (17) years of the Initial Term and during the whole of every Renewal Term of an amount equal to:
- (A) six (6) multiplied by the average monthly Base Management Fee paid to the Manager during the immediately preceding twelve (12) month period minus any Base Management Fee paid to the Manager during the Notice Period; plus
 - (B) six (6) multiplied by the average monthly Performance Incentive Fee paid to the Manager during the immediately preceding twelve (12) month period minus any Performance Incentive Fee paid to the Manager during the Notice Period.
- (b) Upon termination of the Manager pursuant to this Section 2.2, the Owners shall have no further obligations to the Manager.
- (c) For the avoidance of doubt, this Section 2.2 shall not limit in any respect the rights of Owners to immediately terminate the Manager under this Agreement upon a default by the Manager, pursuant to 14.2.

ARTICLE 3 HOTEL RENTAL MANAGEMENT

3.1 Management of Hotel Rental Pool

The Owners hereby appoint the Manager as their exclusive agent and manager to manage the operation of the Hotel and the Rental Pool in accordance with the terms and conditions set out in this Agreement and to undertake on an exclusive basis, on behalf of and for the account of the Owners, all duties and obligations coming within the scope of the management and marketing of the Hotel Premises, including those specific services as set forth herein.

Without limiting any of its duties or obligations set out in this Agreement, the Manager agrees to operate the Hotel Premises as a Limited Service Resort, except to the extent that the Manager is prevented from maintaining this standard of service due to default by any Owner pursuant to this Agreement.

The Owners agree that it is sufficient discharge of the Manager's reporting obligations to the Owners under this Agreement if the Manager reports directly to the Residential Section Executive.

3.2 Hotel Rental Pool

The Manager will manage the rental of the Hotel Strata Lots in accordance with this Agreement. Each of the Owners hereby irrevocably covenants and agrees to be bound by the rental bookings of its Hotel Strata Lot made by the Manager in accordance with this Agreement.

3.3 Use

The Hotel Strata Lots will be used only as condominium hotel units and only in accordance with the Restrictive Covenant, this Agreement and the Rental Pool and will not be used for any other purpose without the prior written consent of the Owners and the Manager. Any use of the Hotel Strata Lots will comply with all applicable laws, bylaws, rules and regulations, the Strata Corporation Bylaws and the Restrictive Covenant.

3.4 Restrictions Re: Strata Corporation Bylaws

No Owner will vote in favor of any Strata Corporation Bylaw which conflicts with a term or condition set out in this Agreement and any attempt by an Owner to do so will constitute a breach by such Owner under this Agreement. The Owners further acknowledge that, to the extent that any provision of the Strata Corporation's bylaws is inconsistent with any provision in this Agreement, the provision of this Agreement will govern.

3.5 Restrictions on Bookings

The Manager agrees to comply with the provisions of Schedule C, Use of Lots by Strata Owners, hereto and with the Restrictive Covenant.

3.6 Use of Lobby Sublease Premises

The Manager shall have the right during the Term and every Renewal Term to exclusive, free and unfettered use of the Lobby Sublease Premises. The Manager shall observe and perform at its own expense every obligation of the Residential Section pursuant to the sublease in favour of the Residential Section over the Lobby Sublease Premises, and of Lease BJ275204.

3.7 Lobby Sublease Premises Revenue and Expense

The Owners and the Manager agree that:

- (a) any revenue earned by the Manager from or in respect of the Lobby Sublease Premises will be revenue belonging to the Owners and will be included in the Gross Revenue; and

- (b) any costs or expenses in respect of the Lobby Sublease Premises will be costs and expenses payable by the Owners and will be included in the Hotel Expenses, excluding real property taxes for the Lobby Sublease Premises, if any.

ARTICLE 4 OWNERS' DECISIONS

4.1 Owners' Meetings

The Owners will have meetings in respect of this Agreement as follows:

- (a) any duly called meeting of the Residential Section which the Owners are entitled to attend and vote in respect of the Hotel Strata Lots will be deemed to be a meeting of the Owners under and in respect of this Agreement;
- (b) the Residential Section Executive may, upon notice to the Owners equivalent to the notice required to be given to owners of strata lots of a properly convened general meeting of the Owners under the Strata Property Act and the Strata Corporation Bylaws, call a meeting of the Owners under and in respect of this Agreement;
- (c) Owners who own or hold proxies to vote in respect of not less than 75% of the Hotel Strata Lots may require the Residential Section Executive to call a meeting of the Owners under and in respect of this Agreement in accordance with Section 4.1(b);
- (d) without limiting any rights of the Manager if the Manager is an Owner, unless otherwise determined by the Residential Section Executive from time to time, the Manager, as manager, will be given notice of and be entitled to attend meetings of the Owners; and
- (e) each meeting of the Owners will be in Whistler, British Columbia, or such other place as the Manager and Residential Section Executive may agree; and
- (f) the quorum requirements set forth in Section 48 of the Strata Property Act or, if different requirements are specified in the Strata Corporation Bylaws, those requirements, shall apply to all meetings of the Owners convened in respect of this Agreement as if expressly incorporated herein.

4.2 Residential Section Executive as Representative of Owners

For all purposes under this Agreement:

- (a) the Owners will be represented by the Residential Section Executive except where a Special Resolution or a Majority Vote Resolution is required;
- (b) the holding of meetings of the Residential Section Executive concerning this Agreement will be governed by the rules applicable to meeting of the Residential

Section Executive pursuant to the Strata Property Act and the Strata Corporation Bylaws;

- (c) unless otherwise determined by the Residential Section Executive from time to time, the Manager will be given notice of and be entitled to attend meetings of the Residential Section Executive in respect of matters arising under this Agreement;
- (d) the Manager will be entitled to rely on any agreement, document or instrument signed by the president of the Residential Section Executive or any two members of the Residential Section Executive; and
- (e) all acts and things done by the Residential Section Executive as set out in this Agreement will be binding upon all of the Owners and the Manager will be entitled to rely on all acts and things done by the Residential Section Executive in purported compliance with this Agreement, except where a Special Resolution or a Majority Vote Resolution is expressly required.

4.3 Release and Indemnity of Residential Section Executive

The Owners hereby release and agree to fully indemnify and hold harmless the current and former members of the Residential Section Executive for all acts and things done by such current and former members of the Residential Section Executive as a current or former member of the Residential Section Executive in good faith in connection with this Agreement.

4.4 Major Decisions – Special Resolutions and Majority Vote Resolutions

The following will be subject to the approval of the Owners by Special Resolution:

- (a) any amendment to or modification of this Agreement;
- (b) termination pursuant to 2.2; and
- (c) any other matter which, pursuant to the terms of this Agreement, is required to be approved by a Special Resolution.

The following will be subject to the approval of the Owners by Majority Vote Resolution:

- (a) termination of this Agreement on default pursuant to Section 14.2; and
- (b) any other matter which, pursuant to the terms of this Agreement, is required to be approved by Majority Vote Resolution.

4.5 Owners To Be Bound

All of the Owners will be bound by all acts and things done by the Residential Section Executive in accordance with this Article 4 and this Agreement and any Special Resolution or Majority Vote Resolution passed by the Owners at any meeting of the Owners in accordance with this Article IV and this Agreement.

**ARTICLE 5
OPERATING PLAN AND BUDGET**

5.1 Operating Plan and Budget

On or before February 1, 2010 for the 2010 Operating Year and on or before November 1 of each subsequent year, the Manager will prepare and deliver to a duly convened meeting of the Residential Section Executive in accordance with this Agreement a preliminary Operating Plan and Budget for the following Operating Year and the Manager will review such preliminary Operating Plan and Budget with the Residential Section Executive at such meeting. For a period of thirty (30) days after receipt by the Residential Section Executive of the preliminary Operating Plan and Budget at such meeting of the Residential Section Executive, the Residential Section Executive is entitled from time to time to request further details from the Manager and to submit written comments to the Manager. The Residential Section Executive will give good faith consideration to the preliminary Operating Plan and Budget and not unreasonably refuse to accept any item provided such item is in accordance with this Agreement. If the Residential Section Executive does not respond to the preliminary Operating Plan and Budget within the thirty (30) day period, then the Residential Section Executive will be deemed to have approved the preliminary Operating Plan and Budget and such Operating Plan and Budget will be deemed to be an Approved Operating Plan and Budget. If after giving good faith consideration to the preliminary Operating Plan and Budget, the Residential Section Executive, within such thirty (30) day period, gives the Manager written notice of its objection and proposals for amendment of any disputed items, the Residential Section Executive and the Manager both acting reasonably, will endeavour to resolve any such differences between them. The Manager agrees to give good faith consideration to proposals made by the Residential Section Executive.

Each Operating Plan and Budget is subject to the approval of the Residential Section Executive and no Operating Plan and Budget will be an Approved Operating Plan and Budget unless it is approved by the Residential Section Executive or otherwise in accordance with this Section 5.1. If any Operating Plan and Budget is not approved by the Residential Section Executive, then:

- (a) pending resolution of any disputed item, the specific disputed items of the Operating Plan and Budget will be suspended and replaced for the Operating Year in question by an amount equal to the lesser of (i) that proposed by the Manager for such Operating Year or (ii) such budget item in the approved Operating Plan and Budget for the Operating Year prior thereto, subject to escalation per item by the Escalation Factor, over the twelve (12) month period immediately preceding the start of the Operating Year in question, provided that if such budget item was not in the Approved Operating Plan and Budget for the Operating Year prior thereto, such item will be suspended pending resolution of such item; and
- (b) either the Residential Section Executive or the Manager may submit the Operating Plan and Budget to be settled by arbitration in accordance with Section 17.1.

The Manager makes no assurances that actual performance of the Hotel will correspond to such estimates contained in the Approved Operating Plan and Budget. However, the Manager agrees to use its best efforts to operate the Hotel within the Approved Operating Plan and

Budget. The Owners acknowledge that notwithstanding the Manager's experience and expertise in relation to the operation of hotels, the projections contained in each Approved Operating Plan and Budget are subject to and may be affected by changes in financial, economic and other conditions and circumstances beyond the Manager's control.

5.2 Inclusion in Operating Plan and Budget

The Operating Plan and Budget will be a reasonably detailed budget of revenue and expenses in connection with the operation of the Hotel, and will include the following:

- (a) the projected Gross Revenue, detailed as to each source of revenue, together with information and background as to how the various projections have been determined;
- (b) the budgeted Hotel Expenses, by major expense category, together with information and background as to how the various projections have been determined;
- (c) the projected Unit Revenue Share for each Hotel Strata Lot;
- (d) the marketing strategy and plan for the Hotel; and
- (e) any recommended capital improvements to be made to the Hotel Premises.

5.3 Budget Summary

The Manager will deliver to each of the Owners a summary of each Approved Operating Plan and Budget once it is approved in accordance with this Article 5.

ARTICLE 6 OWNER'S REVENUES AND DISTRIBUTION TO OWNERS

6.1 Reporting by Manager

- (a) for each month during the Term, the Manager will prepare or cause to be prepared reasonably detailed financial statements, prepared in accordance with Generally Accepted Hotel Accounting Principles and for each such period the Manager will calculate:
 - (i) the Gross Revenue;
 - (ii) the Hotel Expenses;
 - (iii) the Capital Expenditures, if any;
 - (iv) the FF & E Reserve;
 - (v) the Operating Cash Reserve; and

- (vi) the Unit Revenue Share for each Hotel Strata Lot, Determined in accordance with Section 6.2.
- (b) no later than the thirtieth (30th) day following the end of each month during the Term except the first three (3) months of the Term during which the Manager shall have a twenty (20) day grace period, the Manager will:
 - (i) deliver to the Residential Section Executive such financial statements; and
 - (ii) deliver to each of the Owners a written summary statement (the “**Monthly Statement**”), setting out the amounts set out in Section 6.1(a)(i) to 6.1(a)(vi) above and the calculations thereof, in reasonable detail.

6.2 Calculations of Unit Revenue Share

The Owners and Manager agree that:

- (a) for each day that a Hotel Strata Lot is In the Rental Pool, the Owner of such Hotel Strata Lot will be entitled to a share in the Gross Revenue earned on such day calculated by multiplying the Gross Revenue by the Pooled Unit Share Ratio in respect of such day;
- (b) each Owner of a Hotel Strata Lot will be responsible for the payment of all Hotel Expenses, Capital Expenditures exceeding the FF&E Reserve, and any other amounts payable by the Owner pursuant to this Agreement payable for all days (whether or not the Hotel Strata Lot is In the Rental Pool) as calculated by multiplying the relevant Hotel Expenses by the Unit Share Ratio; and
- (c) each Owner will be responsible for funding a share of the FF& E Reserve in accordance with Section 6.6 and for the Operating Cash Reserve in accordance with Section 6.7, calculated by multiplying the required contribution to the FF & E Reserve and the Operating Cash Reserve, as the case may be, by that Owner's Unit Share Ratio.

For the purpose of this Agreement, the “**Unit Revenue Share**” for any Hotel Strata Lot in respect of any period means the amount allocated to such Hotel Strata Lot in accordance with Section 6.2(a) for such period less the amounts allocated to such Hotel Strata Lot in accordance with Section 6.2(b) and 6.2(c) for such periods.

6.3 In the Rental Pool

For the purposes of this Agreement a Hotel Strata Lot will be considered to be in the Rental Pool on a particular day only if it is not booked for use by the Owner in accordance with Article 10 (unless the Owner complies with the requirements of Section 10.5 and the Manager, acting reasonably, determined that the Hotel Strata Lot is In the Rental Pool).

6.4 Payment to Owners

Concurrently with the delivery of the Monthly Statement, the Manager will mail a cheque or authorize the electronic transfer of funds to each Owner, drawn upon one of the Hotel Bank Accounts, in an amount equal to the Owner's Unit Revenue Share for the months for which the Monthly Statement applied, less the following amounts:

- (a) any unpaid amount then payable by the Owner to the Manager pursuant to Section 6.8;
- (b) any amount deductible therefrom pursuant to Section 6.9(b) or 10.2;
- (c) any other amount payable by the Owner to the Manager pursuant to this Agreement;
- (d) that Owner's proportionate share of payments due under the Travelers Equipment Leases, which the Manager will forward to Travelers Financial Corporation; and
- (e) withholding tax, if applicable.

Notwithstanding the foregoing, the Manager may, in consultation with the Strata, prepare a reasonable estimate of the annual Unit Revenue Share payable to each of the Owners pursuant to this Section 6.4 and distribute to the Owners concurrently with the delivery of the monthly statements the amount of such estimate, less a percentage established by the Manager for seasonal working capital requirements in twelve (12) equal monthly payments, in which case at the end of such Operating Year the Manager will calculate or cause to be calculated the actual Unit Revenue Share payable to each of the Owners in accordance with this Agreement and include such calculation in the annual Statement as set out in Section 8.2(b) and at such time the Manager will pay to each Owner the balance of his or her Unit Revenue Share payable for such Operating Year.

6.5 Maintenance and Repair of Hotel Strata Lots

The Manager will, for and on behalf of the Owners, keep the Hotel Strata Lots and the Common Property in substantially the same condition they were in as of the date of this Agreement, normal wear and tear excepted, and the cost thereof will be a Hotel Expense. The Owners acknowledge and agree that the cost of maintaining and repairing the Hotel Premises will be shared by all of the Owners during the Term. The Owners acknowledge and agree that in the event they cause any damage to their Hotel Strata Lot they shall be liable for such damage in the same manner any guest of the Hotel would be liable.

6.6 FF & E Reserve/Repair of FF & E and Other Capital Expenditures

- (a) The Owners agree to make necessary Capital Expenditures required to maintain the Hotel as are approved in the annual Operating Plan and Budget or otherwise approved by the Residential Section Executive. Without limiting the generality of the foregoing, the Owners authorize the Manager to make, as and when required, Capital Expenditures required as a result of any structural defect or repairs in the Hotel, any damage caused by an insured hazard, any Capital Expenditures required by any regulatory or government body and non-structural repairs and replacements to the Hotel Premises required to maintain the Hotel as a Limited

Service Resort. The Owners agree that the Manager will establish and maintain for and on behalf of the Owners a fund (the "FF & E Reserve") for replacement of Furniture, Fixtures and Equipment for the Hotel Strata Lots and Common Property, by a deduction in the amount of 4% of the Gross Revenue in each Operating Year of the Term, *provided that*, if not used in any Operating Year, the FF & E Reserve shall be cumulative and shall be carried forward to the subsequent Operating Year. The Owners agree to ensure the availability of sufficient funds to accomplish such agreed upon capital improvements programs and Capital Expenditures as are contained in any Approved Operating Plan and Budget. If in any Operating Year the Approved Operating Plan and Budget calls for expenditures of Furniture, Fixtures and Equipment in an amount exceeding the FF & E Reserve, the amount otherwise required to be spent on Furniture, Fixtures and Equipment in any subsequent Operating Year may be reduced by the amount of such excess.

- (b) The FF & E Reserve will be held by the Manager in one of the Hotel Bank Accounts as a reserve for the replacement of any Furniture, Fixtures and Equipment in substantially the same condition, quality and scope they were in as of the Commencement Date, normal wear and tear excepted, and the Owners hereby authorize the Manager to utilize the FF & E Reserve for such purpose. The Manager will be under no obligation to use its own funds for such purpose. The Owners acknowledge and agree that the FF & E Reserve will be for the benefit of all of the Hotel Strata Lots collectively and not for the each individual Hotel Strata Lot separately and that the cost of maintaining, repairing and replacing the Furniture, Fixtures and Equipment will be shared by all of the Owners during the Term. On transfer of a Hotel Strata Lot, the transferring Owner will not be entitled to a return of any portion of the FF & E Reserve, the entire amount of which will continue to be held for the benefit of all the Hotel Strata Lots.
- (c) The Manager is authorized to make Capital Expenditures only in accordance with the terms of the then current Approved Operating Plan and Budget or if such Capital Expenditure is required by any future franchisor of the Hotel, except where required in an emergency to preserve the safety of persons in or about the Hotel.
- (d) The Manager is authorized to charge the Owners its standard procurement fee of seven and one half percent (7.5%) of the value of a Capital Expenditure for sourcing, negotiating, administering, expediting and overseeing the installation of a Capital Expenditure. For the avoidance of doubt, the standard procurement fee shall not be payable to the Manager for any Capital Expenditure other than those expressly referred to in this Clause 6.6(d) including any Capital Expenditure sourced, negotiated, administered, expedited or overseen directly and solely by the Owners or the Residential Section Executive. The Manager and the Residential Section Executive may agree in each Operating Plan and Budget as to responsibility between the Manager, the Residential Section Executive and the Hotel for arranging certain types of Capital Expenditures on a continuing basis.

6.7 Operating Cash Reserve

- (a) An operating cash reserve for use by the Manager on behalf of the Hotel Strata Lot owners as working capital in connection with the operation of the Rental Pool in the amount of \$50,000.00 will be established by the Manager by deduction from Gross Revenue pursuant to Section 6.2(c). The reserve will be reduced to \$25,000.00 from and after the final payments pursuant to the Travelers Equipment Leases.
- (b) The Operating Cash Reserve will be held by the Manager in one of the Hotel Bank Accounts and may be drawn and replenished by the Manager from time to time at its discretion in the operation of the Hotel and the discharge of its duties under this Agreement. Signing authorities will include one Owner plus one senior management employee of the Manager. The Owners acknowledge and agree that the Operating Cash Reserve will be for the benefit of all of the Hotel Strata Lots collectively and not for the each individual Hotel Strata Lot separately. On transfer of a Hotel Strata Lot, the transferring Owner will not be entitled to a return of any portion of the Operating Cash Reserve, the entire amount of which will continue to be held for the benefit of all the Hotel Strata Lots.

6.8 Agency Role of Manager

The Owners agree that in carrying out its duties and responsibilities under this Agreement including, but not limited to the acquisition of Furniture, Fixtures and Equipment, Operating Supplies and Expendables and in the incurring of Hotel Expenses pursuant to the terms hereof, the Manager shall be acting as the agent of the Owners and solely for Owner's account and upon Owner's credit. The Manager shall not be required to pledge its own credit.

6.9 Shortfalls

If at any time the funds in the Hotel Bank Account are not sufficient to pay when due any Hotel Expenses or Capital Expenditures payable under this Agreement, then:

- (a) the Manager may (such as in the case of seasonal operating shortfalls), but will not be obliged to, pay any such amount out of its own funds, in which case the Owners will repay such amount to the Manager forthwith upon demand and will pay interest on any amount outstanding at the rate equal to the lowest posted Prime Rate plus three-quarters-of-one percent (0.75%) per annum, calculated from the date of advance by the Manager until the date of repayment by the Owners and the Manager may deduct the amount of any such payments by the Manager and interest thereon from any of the Hotel Bank Accounts; or
- (b) the Manager may require the Owners to pay the amount of the shortfall estimated by the Manager, by delivering to the Owners a written notice setting out such amount and each Owner's proportionate share thereof, as calculated by multiplying the amount of such shortfall by the Unit Share Ratio.

6.10 Payment of Owner's Strata Lot Expenses by Owner

Each of the Owners will promptly pay when due all taxes personal to that Owner in respect of such Owner's Hotel Strata Lot, including real property taxes, income taxes, capital taxes, large corporations taxes and goods and services taxes and all amounts owing under any financing of the Owner's Hotel Strata Lot arranged by such Owner and all of such Owner's Strata Lot Expenses in respect of or relating to the Owner's Hotel Strata Lot.

6.11 GST and Withholding Tax

The parties agree that:

- (a) each Owner will be responsible for all goods and services tax and all other applicable taxes, charges, rates and levies in connection with its Hotel Strata Lot and each Owner will become registered and maintain its registration for goods and services tax purposes, if requested by the Manager at any time, and provide the Manager with such Owner's GST registration number;
- (b) the Manager will, as agent for and on behalf of the Owners, if required under the applicable legislation, collect and remit to Revenue Canada and any other applicable authority, within the required time for the remittance thereof, any goods and services tax, hotel tax, and other tax collected in connection with the use of the Hotel Premises by Hotel Guests and Owners, make any necessary filings and reports in respect thereof, and claim any applicable input tax credits; and
- (c) the Manager may withhold from any of the Owners and remit to Revenue Canada or any other relevant authority any amount required to be withheld or remitted in respect of goods and services tax or withholding tax or any other applicable statutory tax, charge or levy which the Manager is required to withhold or remit.

6.12 No Separate Revenue from Manager

Except as specifically set out in this Agreement, neither the Manager nor any Related Person to the Manager will receive any other revenue, profit or reward of any kind or nature from or in respect of the Hotel Premises or the Hotel or any portion thereof.

ARTICLE 7 MANAGEMENT FEES

7.1 Base Management Fees

The Owners and the Manager agree that during the Term, the Manager will receive as compensation for the services rendered in accordance with this Agreement:

- (a) (a) a management fee in an amount equal to three percent (3%) of Gross Revenue for each Operating Year payable in monthly installments on the twenty-fifth (25th) day of each month, based on the Gross Revenue for the prior month (the "Base Management Fee"); and
- (b) an incentive fee (the "Performance Incentive Fee") as follows:

- (i) for the 2009 Operating Year, no incentive fee;
- (ii) for the 2010 Operating Year, five percent (5%) of EBITDA for such Operating Year;
- (iii) for 2011 and each Operating Year thereafter until the end of the Term, (A) five percent (5%) of the first five hundred thousand dollars (\$500,000) of EBITDA for such Operating Year, plus (B) twelve and one half percent (12.5%) of all amounts in excess of the first five hundred thousand dollars (\$500,000) of EBITDA for such Operating Year;

which Performance Incentive Fee shall be paid as follows:

- (i) on the twenty-fifth (25th) day of each month, an amount equal to seven percent (7%) of the total annual Performance Incentive Fee provided for in the approved Operating Plan and Budget; and
 - (ii) on or before the twenty-first (21st) day following the end of each Operating Year of the Term, an amount equal to the difference between the amount paid during the previous Operating Year and the actual Performance Incentive Fee.
- (c) On one occasion during the first thirty-eight (38) months of the Term, the Owners (upon a decision by the Residential Section Executive) may review and renegotiate the Base Management Fees to a revenue split model, and the result of such negotiation will require approval by Special Resolution of the Owners. If the new arrangement is not approved by Special Resolution of the Owners, then the basis for the Base Management Fees shall revert to those specified in this Agreement.
- (d) Examples of the calculation of the Base Management Fee and the Performance Incentive Fee are illustrated in Schedule F.
- (e) The Manager is responsible at its own expense to provide all corporate administration, sales, marketing, human resources, group purchasing, media and public relations services required for the operation of the Hotel and for the provision of services by the Manager in this Agreement, with the exception of the following if expressly included in the Approved Operation Plan and Budget in effect from time to time or approved in advance by the Residential Section Executive: (i) personnel employed at, and services performed in, the Hotel; (ii) other locally or regionally based personnel performing functions related to the Hotel; and (iii) personnel and disbursements charged to and shared by other hotels managed by the Manager. .

ARTICLE 8 HOTEL BANK ACCOUNTS, BOOKS AND RECORDS

8.1 Hotel Bank Accounts

The Manager will have the right to designate the Canadian Chartered bank having a branch reasonably convenient to the Hotel with which the Hotel will conduct its various banking affairs, and all funds received in the operation of the Hotel, the FF & E Reserve and the Operating Cash Reserve will be deposited into one or more trust accounts bearing the name of the Hotel in such bank. The Owners may also establish a separate trust account for extraordinary revenues or for funds contributed by the Owners for special projects (the "Extraordinary Revenues and Special Projects Account"). The Hotel Bank Accounts will be under the control of the Manager. At no time will such funds be commingled with other funds of the Manager.

Cheques and other documents of withdrawal will be signed only by persons authorized by the Manager. The Manager will have sole signing authority for the Hotel operations Bank Account. Signing authorities for the Extraordinary Revenues and Special Projects, FF & E Reserve and the Operating Cash Reserve Bank Accounts will include one Owner plus one senior management employee of the Manager. All funds in the Hotel Bank Accounts will belong to the Owners in proportion to their Unit Share Ratios but no owner will have the right to his or her share of any funds in the Hotel Bank Accounts except as provided in this Agreement, and the Hotel Bank Accounts will be dealt with only in accordance with this Agreement. The Manager is hereby authorized to pay all Hotel Expenses and Capital Expenditures incurred in accordance with this Agreement and other amounts specifically authorized in this Agreement from the fund in the Hotel Bank Accounts. The Manager may, at its own discretion invest the funds in interest bearing instruments of quality acceptable under the Trustee's Act.

8.2 Books, Records, Financial Statements

- (a) The Manager agrees on behalf of the Owners, to keep proper books of account and other records relating to or reflecting the results of the operations of the Hotel in accordance with this Agreement. All books of account and other records are the property of the Owners and will be available to the Residential Section Executive at all reasonable times for examination, audit, inspection, and copying. Upon any termination of this Agreement, all financial books and records and to the extent that this information is retained by the Hotel computer systems, a list of the Hotel's individual guests who stayed at the Hotel (with their names and addresses and the dates of their arrivals and departures) will be turned over forthwith to the Residential Section Executive to ensure the orderly continuance of the operation of the Hotel. All books and records will, for so long thereafter as the Hotel may remain subject to audit by Revenue Canada in respect of any Operating Year during which the Manager managed the Hotel pursuant to this Agreement, be available to the Manager, at all reasonable times, for inspection, audit, examination and copying. Any costs and expenses incurred in providing books and records to the Manager after termination will be paid by the Manager.
- (b) Within thirty (30) days after the end of each Operating Year, the Manager agrees to cause to be prepared and delivered to all of the Owners, reasonable detailed draft financial statement in accordance with Generally Accepted Hotel Accounting Principles, together with an annual statement setting out the items referred to in Section 6.1(a)(i) to 6.1(a)(vi), and the calculation of each of them

(collectively called the “Annual Statement”). Excepting reasons beyond the control of the Manager, if the draft financial statement is not delivered to the Owners within forty five (45) days after the end of the Operating Year, the Manager agrees to pay to the Owners a penalty in the amount of two hundred dollars (\$200.00) for each day beyond the forty-fifth (45th) day until the day that the draft financial statement is delivered. Unless otherwise agreed to by the Residential Section Executive in advance, the Annual Statement will be audited by the Chartered Accountants, at the cost of the Hotel, and will contain a certification by the Chartered Accountants to the effect that all of such items have been calculated in accordance with the terms of this Agreement.

ARTICLE 9 SERVICES TO BE RENDERED BY MANAGER

9.1 Services

The Manager will:

- (a) subject to Section 3.5, use all reasonable efforts to sell room nights in respect of the Hotel Strata Lots to Hotel Guests;
- (b) carry out and perform all such acts and things as are reasonably necessary or desirable in connection with the operation of the Hotel as a Limited Service Resort in accordance with this Agreement;
- (c) procure and maintain any licenses and permits which may be required in connection with the carrying out of its duties and obligations under this Agreement;
- (d) diligently and faithfully perform its duties and obligation under this Agreement and any franchise agreement as would a reasonable prudent hotel manager in the position of Manager and ensure that the Hotel is operated in an efficient manner consistent with other hotels which are a Limited Service Resort;
- (e) abide by the Owners’ Performance Expectations of the Manager as set out in Schedule E of this Agreement.

9.2 General Management

Subject to the terms and conditions of this Agreement, any franchise agreement and any Approved Operating Plan and Budget, the Manager agrees to perform on behalf of and for the account of the Owners, all appropriate and necessary management services, in connection with the operation of the Hotel as a Limited Service Resort, including but not limited to:

- (a) general organization of the Hotel;
- (b) development and implementation of sales, local advertising, personnel, employment, purchasing and maintenance programs consistent with the provisions of this Agreement;

(collectively called the “Annual Statement”). Excepting reasons beyond the control of the Manager, if the draft financial statement is not delivered to the Owners within forty five (45) days after the end of the Operating Year, the Manager agrees to pay to the Owners a penalty in the amount of two hundred dollars (\$200.00) for each day beyond the forty-fifth (45th) day until the day that the draft financial statement is delivered. Unless otherwise agreed to by the Residential Section Executive in advance, the Annual Statement will be audited by the Chartered Accountants, at the cost of the Hotel, and will contain a certification by the Chartered Accountants to the effect that all of such items have been calculated in accordance with the terms of this Agreement.

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- (a) general organization of the Hotel;
- (b) development and implementation of sales, local advertising, personnel, employment, purchasing and maintenance programs consistent with the provisions of this Agreement;

- (c) implementation of administrative accounting, budgeting, and operational policies and practices of the Manager. Such policies and practices will be deemed to be in compliance with the Manager's obligations hereunder, and the Owners will accept such policies and practices so long as they do not conflict with any term or condition of this Agreement;
- (d) review of the conduct of hotel operations at the Hotel from time to time in accordance with the standards of a Limited Service Resort and established management practices and policies of the Manager;
- (e) establishment and supervision of the Manager's accounting and inventory control systems;
- (f) arrangement for the provision of the Hotel with all goods and services as are necessary for the proper operation and maintenance of a Limited Service Resort as contemplated by this Agreement;
- (g) establishment of all prices, charges and rates, and in connection therewith, the supervision and control of the collection, receipt and giving of receipts for all goods or services provided or revenue of any nature derived from the operations of the Hotel;
- (h) determination of the Hotel's purchasing policy including the selection of the merchandise, supplies and materials and establishment and maintenance of all inventories required for the proper operation of the Hotel, and the selection of the suppliers and negotiation of supply contracts in order to assure purchases on the best available terms;
- (i) negotiation and execution of contracts which are normally entered into within the scope of hotel operations and preparation of the corresponding legal document(s);
- (j) determination of credit practices applicable to suppliers and to the Hotel's clientele and negotiation of arrangements with credit organizations, in particular those issuing credit cards;
- (k) with the prior approval of the Residential Section Executive, acting reasonably, instituting any lawsuits or other legal actions having a direct link with the operations of the Hotel and deemed necessary or advisable by the Manager; and
- (l) supervision and control of the activities of Hotel Guests and any tenants, concessionaires and holders of privileges in respect of any portion of the Hotel Premises and their employees, including the dispossession of Hotel Guests and tenants for non-payment of rent or other proper cause, or the termination of the rights of concessionaires, licensees for proper cause.

9.3 Use of Lobby Strata Lot

The Manager will use and operate the Lobby Strata Lot as an integrated part of the Hotel, to the standards of a Limited Service Resort in accordance with this Agreement.

9.4 Maintenance

The Manager agrees, for the account of the Owner, to cause the Hotel Premises and the Furniture, Fixtures and Equipment to be maintained in good operating condition and repair, normal wear and tear excepted, and the Manager will replace at the expense of the Owners, such items of the Furniture, Fixtures and Equipment and Operating Supplies and Expendables as from time to time may be appropriate in accordance with the then current Approved Operating Plan and Budget and as is required by any future franchisor of the Hotel. All items of Furniture, Fixtures and Equipment, forthwith upon acquisition and receipt by the Manager of any payment therefore, will become, without further act, the property of the Owners. Upon completion of construction of any change or addition to the Hotel, the Manager will furnish to the Residential Section Executive any guarantees and warranties relating to any portions of the Hotel or the Furniture, Fixtures and Equipment and Operating Supplies and Expendables. The Manager agrees to co-operate with the Owners to enforce the provisions of such guarantees and warranties. The Manager will make no expenditures for the repair and replacement of the Furniture, Fixtures and Equipment or for maintenance and repair which would result in or cause a change in the general character of the interior or exterior of any portion of the Hotel Premises or make any capital improvements except if the same is included in an Approved Operating Plan and Budget or otherwise pre-approved by the Residential Section Executive. Any non-emergency maintenance expenditure in excess of five hundred dollars (\$500.00) not included in the Approved Operating Plan and Budget must be approved by the Owners.

9.5 Changes and Alterations

From time to time during the Term, the Manager may make, at the Owners' expense, but subject to the terms of this Agreement and the then current Approved Operating Plan and Budget, reasonable changes and alterations to the Hotel Premises, or any part thereof, subject however in all cases to the following:

- (a) no change or alteration will be made which would:
 - (i) change the general character or design of the Hotel;
 - (ii) involve the excavation of any portion of the Hotel Premises; or
 - (iii) include alteration of, or result in increasing the burden upon the foundation of the Hotel Premises
 - (iv) without the prior consent of the Owners by Special Resolution;
- (b) all permits, licenses and authorizations required to be procured in connection with any change or alteration will be procured (or caused to be procured) by the Manager, and the cost of the same will be a Hotel Expense;
- (c) any change or alteration will be made promptly in a good and workmanlike manner and in compliance with all applicable laws, rules, regulations and permits and insurance requirements;

- (d) the cost of any change or alteration will be promptly paid (or cause to be paid) so that the Hotel Premises will at all times be free from any lien, encumbrance, mortgage, chattel mortgage, conditional sales agreement, title retention agreement or other charge for labour, services or material supplied or claimed to have been supplied to the Hotel Premises; and
- (e) if any such change or alteration involves an estimate cost of more than \$50,000:
 - (i) excluding changes or alterations required by any future franchisor of the Hotel, the Manager agrees to obtain the specific approval (in addition to approval of the Approved Operating Plan and Budget) of the Residential Section Executive to such change or alteration prior to the Manager proceeding;
 - (ii) if the Manager proposes to have such change or alteration supervised by personnel of the Manager or the Hotel, the Manager will obtain the specific approval of the Residential Section Executive as to whether such a change or alteration requires the supervision of an independent engineer or architect; and
- (f) if the Residential Section Executive so advises the Manager in writing prior to the Owners approving the same, such change or alteration will be made under the supervision of an architect or engineer approved by the Residential Section Executive in accordance with detailed plans and specifications approved by the Residential Section Executive prepared by such architect or engineer and the Residential Section Executive will have the right to approve the contractor and to supervise construction.

9.6 Personnel and Employees

- (a) The selection and employment of the general manager and all such other employees and personnel necessary for the proper operation of the Hotel is the responsibility of the Manager. The hiring, promoting and discharging of the general manager and any other employees and personnel and the terms of their employment, including compensation, will be at the sole discretion of the Manager, acting reasonably and in the best interest of the parties.
- (b) The Manager may delegate to the general manager of the Hotel, who in turn may delegate to others, the selection and hiring of all employees and personnel required for the operation of the Hotel.
- (c) The general manager may, during the Term be replaced by the Manager, and likewise the employment of any Employee may be terminated by the Manager or the general manager or by the person or persons to whom the general manager will delegate such authority. The decision in regard to any such discharge, whether directly or through the general manager of the Hotel, will be at the sole discretion of the Manager, acting reasonably. The Manager will inform and

collaborate with the Residential Section Executive regarding the proposed termination or re-location of the general manager and/or other senior Employees of the Hotel a reasonable time in advance of such proposed termination or re-location.

- (d) All employees working in the Hotel shall be employees of the Manager. The aggregate compensation including salary, incentives, bonuses, fringe benefits, vacation pay, severance and any and all other costs payable with respect to those employees will be included in Hotel Expenses. To the extent that the Manager pays all or part of such compensation from the Manager's own funds, the Manager will be entitled to reimbursement from the Hotel Bank Accounts.
- (e) Severance expenses in excess of four thousand dollars (\$4,000.00) that are not included in the Approved Operating Plan and Budget are subject to approval by the Owners.
- (f) The Manager will pay any penalties relating to employment termination matters that may be levied against the Hotel by governmental agencies as a result of mismanagement by the Manager.

9.7 Marketing at the Hotel

- (a) The Manager will carry out on behalf of the Hotel all operational marketing activities.
- (b) Marketing at the Hotel level will be established and carried out by the Manager in the market where the Hotel is located and other markets which the Manager reasonably believes relevant considering the nature of the Hotel.
- (c) The Manager agrees to establish for the Hotel, as part of the Operating Plan and Budget, an annual marketing plan for each Operating Year, including:
 - (i) determination of the sales policy of the Hotel;
 - (ii) determination of yearly and long-term objectives regarding occupancy rates, revenues and clientele;
 - (iii) establishment of all Hotel rates;
 - (iv) setting of any special sales terms;
 - (v) establishment of sales methods and procedures relating to the various clientele segments; and
 - (vi) analysis or results and permanent control,
- (d) The Manager agrees to perform appropriate advertising and promotion services at the Hotel level including:
 - (i) definition of the Hotel policy regarding advertising and promotion; and

- (ii) preparation of advertising documents and brochures.
- (e) The Manager shall be entitled to receive the Telephone Reservation Fee for each telephone reservation made by the Manager on behalf of the Hotel.

9.8 Meetings and Indemnity

The Residential Section Executive and the Manager agree to meet not less frequently than quarterly, upon reasonable written notice from either party, to discuss general Hotel operating procedures, the current Approved Operating Plan and Budget, the Operating Plan and Budget for an Operating Year, results of an Operating Year, or any other matter of interest or concern.

The Owners hereby release and agree to fully indemnify and hold harmless the Manager from damages arising from injuries to person or property from any cause whatsoever, other than damages caused by the negligence of the Manager, or in breach of this Agreement, either in or about the Hotel and the Hotel Premises and shall defend, promptly and diligently, at the Owners' expense, any claim, action or proceeding brought against the Manager or against the Manager and the Owners arising out of or connected with this Agreement or with the Manager's operation of the Hotel, other than any claim, action or proceeding caused by the negligence of the Manager, or in breach of this Agreement and shall hold harmless and fully indemnify the Manager from any judgment, loss or settlement on account thereof.

ARTICLE 10 USE OF STRATA LOTS BY OWNERS

10.1 Use of Hotel Strata Lots by Owners

The parties agree that the terms and conditions set out in Schedule C are binding upon all the Owners and the Manager and are hereby incorporated into this Agreement. Each Owner will be permitted to use and to permit others to use its Hotel Strata Lot in accordance with Schedule C and in no other manner whatsoever. The Manager will use reasonable efforts to accommodate any booking request by any Owner pursuant to Schedule C. If any Owner proposes to book the use of his or her Hotel Strata Lot in accordance with Schedule C, the Manager will not be responsible if the Hotel Strata Lot has been otherwise booked, provided that the Manager has complied with Section 3.5. Notwithstanding anything contained in Schedule C (including the definition of "Day"), the Owners will be bound by and comply with the check-in and check-out times established by the Manager for the use of the Hotel Strata Lots.

10.2 Incidental Charges

The Owners and those using the Hotel Strata Lots with the permission of the Owners in accordance with Schedule C will pay the standard charges established by the Manager for the following:

- (a) long distance calls;
- (b) movie rentals;



- (c) vending machine charges
- (d) purchases of other goods and services offered by the Manager.

If any Owner does not pay any fee or charge set out in Section 10.2, the Manager may deduct such amount from the Owner's Unit Revenue Share. All of the fees and charges set out in this Section 10.2 received by the Manager will be included in the Gross Revenue.

10.3 Charges for Owner Use

In addition to the amounts set out in Section 10.2, the Manager will charge for each night that a Hotel Strata Lot is used by an Owner or an Owner's guest:

- (a) each Owner acknowledges pursuant to the Hotel Management and Rental Pool Agreement that such Owner is responsible for payment of a fee for such Owner's Hotel Strata Lot (the "Daily Fee"). The Daily Fee to recover costs of operation is forty-five dollars (\$45.00) and or such other amount as may be determined by the Residential Section Executive as reviewed with the Manager on an annual basis from time to time. The Daily Fee for each day the Hotel Strata Lot is used by an Owner or an Owner's guest shall be paid by the Owner or the Owner's guest upon departure or if unpaid at the end of the stay, then the outstanding fee will be charged to the Owner's account; and
- (b) the Owner will not receive any rental revenue allocation for the Hotel Strata Lot during the nights that Owner's unit is not in the Rental Pool.

An Owner may park in the Hotel parking facility at any time, subject only to a charge of \$10 per day (subject to change as set out in this section) if the Manager determines that a Hotel guest may be displaced by the Owner's vehicle. The daily parking charge may be adjusted by the Residential Section Executive from time to time and will be reviewed by the Residential Section Executive with the Manager on an annual basis.

10.4 Request to Use a Different Hotel Strata Lot

If a Hotel Strata Lot is reserved under Schedule C, the Manager may at any time request the Owner or any person claiming under such Owner to use a Hotel Strata Lot other than the Owner's Hotel Strata Lot, but such request will be subject to the agreement of the Owner or such person claiming under such Owner in their sole discretion.

10.5 Owner Election Not to Use

The Owner will forthwith notify the Manager in writing if the Owner determines or discovers at any time that the Owner or any person claiming under such Owner will not use the Hotel Strata Lot on any of the days for which the Owner gave notice of the Owners use thereof pursuant to Schedule C and the Manager may then rent out the Owner's Hotel Strata Lot to Hotel Guests on such days.

10.6 Use By or on Behalf of an Owner

No Owner will use or permit any person to use such Owner's Hotel Strata Lot or the Common Property or Common Facilities except in accordance with this Article 10 or with the prior written consent of the Manager in its sole discretion. Each Owner will be responsible for any use of such Owner's Hotel Strata Lot by the Owner or any person claiming under the Owner in accordance with this Article 10 and any amount payable from any Owner in respect of such use to the Manager hereunder. Under no circumstances will any Owner charge during the Term, directly or indirectly, rent or derive other consideration for the use of the Owner's Hotel Strata Lot pursuant to this Article 10 and Schedule C.

ARTICLE 11 COVENANTS, REPRESENTATIONS AND WARRANTIES

11.1 Covenants

All of the terms and provisions of this Agreement will be deemed and construed to be "covenants" to be performed by the respective parties as though words specifically expressing or importing covenants and conditions were used in each separate term and provision hereof.

11.2 Representations and Warranties of the Manager

The Manager covenants, represents and warrants on a continuing basis as follows:

- (a) it is a corporation duly constated existing under the laws of the Province of Alberta and is duly qualified as a corporation authorized to do business in British Columbia;
- (b) it has fully corporate power, authority and legal right to operate the Hotel and to perform and observe the provisions of this Agreement;
- (c) this Agreement constitutes a binding obligation of the Manager and is enforceable in accordance with its terms; and
- (d) the Manager, during the Term, will preserve and keep in effect, at its own expense and not as a Hotel Expense, its corporate existence, rights and licenses as required to carry on business in the Province of British Columbia.

11.3 Representations and Warranties of the Owners

Each of the Owners covenants, represents and warrants on a continuing basis as follows:

- (a) unless otherwise disclosed by the Owner to the Manager in writing, the Owner is not, and during the Term will not be, a non-resident of Canada for the purposes of the Income Tax Act (Canada);
- (b) if such Owner is a corporation, it is a corporation duly authorized to do business under the laws of the Province of British Columbia;

- (c) it has full power, authority and legal right to own real property in British Columbia and to execute and deliver, and to perform and observe the provisions of this Agreement;
- (d) this Agreement constitutes the valid and binding obligations of the Owners enforceable in accordance with its terms; and
- (e) if such Owner is a corporation, it will, during the term of this Agreement, preserve and keep in effect, at its own expense, its corporate existence, rights and licenses to carry on business in the Province of British Columbia.

ARTICLE 12 INSURANCE

12.1 Insurance

The Manager will, for itself and the Owners, at the sole cost and expense of the Owners as a Hotel Expense, take out and maintain at all times during the Term:

- (a) insurance in respect of all the Furniture, Fixtures and Equipment and personal items in Hotel Strata Lots against loss or damage by fire and all other reasonable insurable perils included in the broad form extended coverage endorsement available under fire policies in an amount not less than the actual replacement cost;
- (b) comprehensive public, products and innkeepers' liability and property damage insurance against claims for personal and bodily injury or death and property damage occurring in or about the Hotel Premises, or the Common Property, with a single limit of not less than five million dollars (\$5,000,000.00) per occurrence, wherever practicable, or such higher amount as the Residential Section Executive and the Manager may agree, acting prudently;
- (c) reasonable levels of business interruption insurance that includes coverage for Base Management Fees and Management Termination Fees that may be payable to the Manager during the period of business interruption, as determined by the Manager, acting reasonably;
- (d) employer's liability insurance, with a minimum liability of one million dollars (\$1,000,000.00);
- (e) employee honesty insurance in the amount of five hundred thousand dollars (\$500,000.00) per occurrence; and
- (f) reasonable levels of boiler and machinery insurance, except to the extent that the Strata Corporation is responsible therefore,

in all cases to the extent that such insurance is available.

12.2 Parties Insured

All insurance policies provided for in Section 12.1 will either include the Owners and the Manager as parties insured as their interests may appear or contain an endorsement providing that the insurance company waives any right of recovery against the Manager on account of any loss payable under such policies. All insurance policies referred to in Section 12.1 will provide that the same may not be cancelled or materially modified until at least ten (10) days after prior notice to the Residential Section Executive and the Manager.

12.3 Insurance Cost a Hotel Expense

The cost of furnishing any insurance pursuant to Section 12.1 will be borne by the Owners as a Hotel Expense.

12.4 Schedules of Insurance

The Manager will provide the Residential Section Executive with copies of insurance certificates for any insurance obtained pursuant to Section 12.1. At least once during each Operating Year, the Manager will furnish to the Owners a schedule of insurance, listing the number of policies of insurance obtained by the Manager then outstanding and in force with respect to the Hotel Premises, or any part thereof, the names of the companies issuing such policies, or dates of such policies and the risks covered thereby.

ARTICLE 13 TITLE

Each Owner covenants, represents and warrants that:

- (a) it has, and that throughout the Term it will maintain, full ownership of the Owner's Hotel Strata Lot and Furniture, Fixtures and Equipment therein, free and clear of all liens and encumbrances except those registered against title as of the Commencement Date, any Security and those hereafter approved in writing by the Manager;
- (b) the Owner will not remove, and will not permit any person claiming under the Owner to remove, any item of Furniture, Fixtures and Equipment in the Owner's Hotel Strata Lot except in accordance with this Agreement;
- (c) the Manager, upon fulfilling its duties and obligations herein, will and may peaceably and quietly possess, manage and operate the Owner's Hotel Strata Lot and the Furniture, Fixtures and Equipment therein during the Term. Each Owner will at its own expense undertake and prosecute any appropriate action, judicial or otherwise, to assure peaceful and quiet possession of such Owner's Hotel Strata Lot by the Manager; and
- (d) throughout the Term it will observe and perform all terms, covenants, conditions, duties and obligations under any franchise agreement and any lease, mortgage, or other agreement creating a lien on the Owner's Hotel Strata Lot and will pay all property taxes.

Nothing in this Article 13 shall be construed as preventing an Owner from selling his/her/its Hotel Strata Lot, subject to compliance with Section 15.3.

**ARTICLE 14
TERMINATION RIGHTS, OBLIGATIONS ON TERMINATION**

14.1 Events of Default

The following will constitute events of default on the part of the Manager:

- (a) the filing by the Manager of a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy law;
- (b) the Manager's consent to an involuntary petition in bankruptcy or its failure to vacate within sixty (60) days from the date of entry thereof any order approving an involuntary petition by the Manager;
- (c) the entering of an order, judgment, or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating the Manager a bankrupt or insolvent or approving a petition seeking reorganization or appointing a receiver, trustee or liquidator of all or a substantial part of its assets, if such order, judgment or decree continues unstayed and in effect for a period of one hundred and twenty (120) consecutive days;
- (d) the failure of the Manager to perform, keep or fulfill any of its covenants, undertakings, obligation or conditions set forth in this Agreement;

14.2 Remedies for Owners Upon Default

- (a) If the Manager is in default pursuant to Section 14.1, the Residential Section Executive may give to the Manager notice of its intention to call a meeting of the Owners to terminate the appointment of the Manager under this Agreement after the expiration of a period of fifteen (15) days from the date of such notice or if Section 14.2(b) applies, the longer period set out in that section. If, following the expiration of such period such default has not been cured, the Owners may, by Special Resolution, terminate the appointment of the Manager pursuant to this Agreement. The remedies granted in Section 14.2 will not be in substitution for, but will be in addition to any rights and remedies otherwise available for breach of contract or otherwise. If a default is cured during the applicable cure period set out in this section, the notice will be of no effect.
- (b) With respect to an event of default referred to in Section 14.1(a) that is not capable of being cured within a 15 day period, provided that upon receipt of notice pursuant to Section 14.2(b) the Manager promptly commences to cure the default and proceeds diligently and continuously to cure the default, the period for curing such default will be extended to forty five (45) days from such notice.

14.3 Termination by the Manager

The Manager may terminate its appointment as manager under this Agreement at any time upon sixty (60) days written notice to the Residential Section Executive if the Owners fail to make or authorize the Manager to make (at the sole cost and expense of the Owners) Capital Expenditures without which the Hotel cannot be operated as a Limited Service Resort.

14.4 Remedies for Manager

The Owners acknowledge and agree that if any Owner or Owners are in breach of any of their duties or obligations under this Agreement the Manager may seek an injunction or the specific performance by such Owner or Owners of such duties or obligations, instead of or in addition to seeking damages against such Owner or Owners.

14.5 Obligations on Termination

Upon termination or expiry of the appointment of the Manager under this Agreement, the following will apply:

- (a) the Manager and the Owners will cooperate with respect to all matters relating to the transition of the Management of the Hotel;
- (b) all fees and payments payable to the Manager in accordance with this Agreement, other than those referred to in subsection 14.5(c) will be paid to the Manager when due, provided that the Manager will not be entitled to any Base Management Fee, or Performance Incentive Fee, for any period following such termination or expiry;
- (c) all fees and payments due to the Manager in accordance with this Agreement which are computed on an annual or other periodic basis will be annualized, prorated and paid within thirty (30) days after termination of the appointment of the Manager under this Agreement, including all deferred, accrued and unpaid fees;
- (d) the Manager shall deliver to the Owners all Owners' books and records respecting the Hotel in the custody and control of the Manager, and assign and transfer to or to the orders of the Owners all of the Manager's right, title and interest in and to all licenses and permits, if any, used by the Manager in the operation of the Hotel, provided, that if the Manager has expended any of its own funds in the acquisition of such licenses or permits, the Owners will reimburse the Manager therefor if the Owners request assignment and transfer of such Licenses and permits; and
- (e) the Manager shall pay to the order of the Residential Section Executive the balance remaining in the Hotel Bank Accounts after satisfaction of all Hotel Expenses and payables due under Section 14.5(b) and 14.5(c).

ARTICLE 15 STRATA LOTS, DISPOSITIONS

15.1 Agreement Binding on Owners

The parties acknowledge and agree that:

- (a) each of the Owners of the Hotel Strata Lots will be bound by the terms and conditions of this Agreement insofar as this Agreement relates to such Owner's Hotel Strata Lot; and
- (b) each purchaser of a Hotel Strata Lot who executes and delivers to the Manager an agreement in the form set out in Schedule A shall be bound by the terms and conditions of this Agreement insofar as it relates to such Hotel Strata Lot for the remainder of the Term and shall take the place of the selling Owner in all respects under this Agreement from and after the completion of the transfer.

15.2 Limitation of Owners' Liability

Notwithstanding anything contained in this Agreement, the duties, obligations and liabilities of each Owner pursuant to this Agreement will be limited to:

- (a) with respect to the duties and obligations relating directly to the Hotel Strata Lots, to such Owner's duties and obligation arising directly in respect of any Hotel Strata Lot owned by such Owner; and
- (b) with respect to duties and obligations of the Owners collectively under this Agreement, to such Owner's proportionate share of such duties and obligations of the Owners collectively under this Agreement to such Owner's proportionate share of such duties and obligations, as calculated in accordance with the Unit Share Ratio,

and without limiting the generality of the foregoing:

- (i) the Manager will not look to any Owner for the payment of any amount in connection with this Agreement except as is expressly set out herein; and
- (ii) no Owner will be liable for any act or omission of any other Owner.

The duties and obligations of the Owners are several only and not joint duties or obligations.

15.3 Sale of Hotel Strata Lot by Any Owner

The Owners and the Manager agree that if at any time any Owner wishes to sell or otherwise directly or indirectly dispose of its Hotel Strata Lot or any interest therein to any person (in this Section 15.3 called a "Transferee") (other than by way of financing to any Security Holder):

- (a) prior to entering into any contract or agreement with any Transferee, the Owner will notify the Manager of the intended sale, lease or other disposition and notify the proposed Transferee of the existence and substance of this Agreement and the fact that the ownership and use of the Hotel Strata Lot are subject to the rights of the Manager and the Hotel

Guests pursuant to this Agreement and the Rental Pool and provide the proposed Transferee with a true copy of this Agreement;

- (b) the Owner will not directly or indirectly sell or otherwise directly or indirectly dispose of the Hotel Strata Lot or any interest therein unless prior to the completion of such transaction the proposed Transferee covenants pursuant to an agreement in writing in favour of the Manager, in the form and content of Schedule A to fully assume and to be bound by this Agreement insofar as it relates to such Hotel Strata Lot, and the Manager will provide the Owner and the Transferee with copies of such agreement, duly executed by the Manager, as soon as reasonably possible thereafter;
- (c) upon reasonable notice of an intended sale or other disposition of a Hotel Strata Lot by an Owner, the Manager will, upon written request from an Owner, provide to the prospective Transferee the Annual Statements and interim financial statements provided to the Owner within the preceding two (2) years, before the agreement to sell, lease of or otherwise dispose of the Hotel Strata Lot is entered into;
- (d) the Owner or the Transferee will notify the Manager of the completion of the sale or other disposition of the Hotel Strata Lot and provide the Manager with reasonable evidence thereof, together with the assignment and assumption agreement in the form of Schedule A, duly executed by the Owner and the Transferee; and
- (e) the Manager will not be required to make any adjustments as between the Owner and any Transferee and the Manager will be deemed to have fully discharged its obligations hereunder if the Manager pays the Unit Revenue Share payable to such Owner in accordance with Section 6.4 or to the order of the person who was, according to the records of the Manager, the registered owner of the Hotel Strata Lot on the days such Unit Revenue Share is payable to such Owner in accordance with Section 6.4.

15.4 Assumption and Release

If title to any Hotel Strata Lot is at any time to be subject to any mortgage, assignment of rents or other security registered or to be registered by any Owner against title to its Hotel Strata Lot, including any renewals, modifications, replacements or extensions thereof (collectively called the "Security"), then:

- (a) prior to granting any Security, the Owner of such Hotel Strata Lot will notify the proposed holder of such Security (the "Security Holder") of the existence and substance of this Agreement and the fact that the ownership and use of the Hotel Strata Lot are subject to the rights of the Manager and the Hotel Guests and the Rental Pool pursuant to this Agreement and the Owner will provide the Security Holder with a true copy of this Agreement; and

- (b) if the Security Holder in respect of such Security does not agree to the priority of the Restrictive Covenant and this Agreement over the Security, the Restrictive Covenant and this Agreement will be subordinate to such Security and the Manager will, upon request of the Owner, execute any instrument of postponement or in confirmation of the subordination of the Restrictive Covenant and this Agreement pursuant to this subsection and in such case the Owner will use its best efforts to obtain a Non-Disturbance Agreement in the form of Schedule B from such Security Holder.

15.5 Estoppel Certificates

The Manager will, from time to time, upon not less than ten (10) days prior notice by any Owner or any Security Holder, execute and deliver to such Owner or Security Holder, a certificate in writing certifying that this Agreement is unmodified and in force (or, if there have been modifications, that the same is in force as modified and stating the modifications), and stating whether or not to the best knowledge of the signer of such certificate, there exists any default by the Owner in the performance of any duty or obligation contained in this Agreement, and if so, specifying each such default of which the signer may have knowledge. Any certificate so delivered may be relied upon by such Owner and by any such Security Holder. The Manager, upon similar notice, shall be entitled to a similar certificate from each Owner.

15.6 Attornment by Manager

The Manager agrees to attorn to and become the manager, in accordance with this Agreement, of any purchaser, mortgagee or trustee who becomes entitled to possession of any Hotel Strata Lot in accordance with any requirements set out in this Article 15.

ARTICLE 16 ASSIGNMENT BY MANAGER

16.1 By Manager

The Manager has the right, so long as it is not then in default under this Agreement, to assign its rights under this Agreement:

- (a) to an Affiliate of the Manager; or
- (b) to any successor assignee of the Manager which may result from any merger, transfer, consolidation or reorganization;

provided in any such case that such assignee enjoys the benefits of the organization of the Manager and that the Manager will continue to be liable for its obligations hereunder and following any such assignment, the Manager will deliver to the Residential Section Executive an agreement pursuant to which such assignee agrees to assume and be bound by all of the provisions of this Agreement on terms and conditions determined by the Manager and acceptable to the Residential Section Executive, acting reasonably. Except as provided in this Section 16.1, the Manager will not directly or indirectly assign, transfer, convey or otherwise dispose of this Agreement, any interest in this Agreement or any of its rights, duties or obligations under this Agreement without the prior written consent of the Residential Section Executive, such consent

determined within thirty (30) days after appointment of the arbitrator, subject to an order of the arbitrator extending the date.

ARTICLE 18 DESTRUCTION

18.1 Owners to Restore After Insured Casualty

If the whole or any part of the Hotel is damaged or destroyed by any cause for which insurance coverage is maintained, then the Owners shall (to the extent permitted by the amount of insurance proceeds payable to the Owners on account of such damage or destruction) repair, restore, replace or rebuild the Hotel (the "Casualty Restoration") as nearly as is reasonably possible to its value, condition and character immediately prior to the occurrence of such damage or destruction. The Manager shall cooperate with the Owners in obtaining all insurance proceeds payable on account of such damage or destruction so that the same shall be available to the Owners (subject to the terms of any insurance trust agreement and the mortgages on the Hotel) as the Casualty Restoration progresses. The Owners shall commence the Casualty Restoration promptly after the occurrence of such damage or destruction and shall complete the same with diligence.

18.2 Termination After Substantial Insured Casualty

If more than sixty percent (60%) of the Hotel Strata Lots are rendered unsuitable for use by guests as a result of any damage or destruction to the whole or any part of the Hotel when the Term shall have no more than three (3) years to run, then either Owners or the Manager may terminate the Manager's appointment under this Agreement within three (3) months after the occurrence of the damage or destruction giving rise to such right of termination by giving notice to the other party hereto specifying a date (which shall be no earlier than one (1) month and not later than two (2) months, after the giving of such notice) when the Manager's appointment under this Agreement shall terminate.

18.3 Uninsured Casualty – Owners' Option to Terminate or Restore

If the whole or any part of the Hotel becomes damaged or destroyed by any cause for which insurance coverage was not maintained by Owners and the cost of the Casualty Restoration exceeds twenty-five (25%) percent of the replacement value of the Hotel, as determined by an independent licensed architect selected by the Manager and the Residential Section Executive, and Owners elect not to make such Casualty Restoration, then the Owners may terminate this Agreement within two (2) months after the occurrence of such damage or destruction and said determination by giving notice to the Manager specifying a date (which shall be no earlier than one (1) month, nor later than two (2) months, after the giving of such notice) when the Manager's appointment under this Agreement shall terminate. If the Owners and the Manager fail to agree upon the selection of an independent licensed architect, either party may have the same appointed by the governing body of architects in the Province of British Columbia or by the person acting as the top official of such body by either party delivering a request for such appointment in writing to the said body and by delivering a copy of such request to the other party. The architect so appointed or selected by the Manager and the Owners shall give to the Manager and the Owner his or her determination with respect to the cost of the

not to be unreasonably withheld or delayed; though it shall be reasonable for the Residential Section Executive to consult with the Owners in relation to a proposed assignment other than one described in sub-paragraphs (a) and (b) of this section.

ARTICLE 17 ARBITRATION

17.1 Arbitration

Where pursuant to the terms and conditions of this Agreement a matter is submitted to arbitration, such matter will be settled by arbitration in accordance with this Section 17.1. If any such matter is so submitted to arbitration, the arbitration will be final and binding upon the parties and will be conducted as follows:

- (a) the rules of procedure (the "Rules") for domestic arbitration of the British Columbia International Commercial Arbitration Center (the "Center") will apply to the arbitration, except as otherwise provided in this Section 17.1;
- (b) such matters will be determined by a single arbitrator agreed upon by the parties, or, failing agreement on the arbitrator by the date which is ten (10) days after the party submitting the matter to arbitration has notified the other party that it wishes the matter to be determined by arbitration, the arbitrator will be appointed by the Center, upon request by either party at any time after such date;
- (c) the arbitrator will be an experienced hotel consultant or such other person as is approved by the Manager and the Residential Section Executive;
- (d) the arbitrator will make his or her determination on the basis of written submissions and affidavits (including expert evidence) submitted by the parties, without any hearing, unless the arbitrator determined that a hearing is necessary, and the arbitrator may require the parties to make further and other written submissions or provide further and other affidavits. Each party will receive a copy of each such submission and affidavit;
- (e) the arbitrator's decision will be final and binding on the parties;
- (f) the parties will share all costs of the arbitrator equally, unless otherwise determined by the arbitrator; and
- (g) the parties acknowledge and agree that they have provided for arbitration to determine the matters set out in this Section 17.1 so as to promote the efficient, expeditious and inexpensive resolution of the issue. The parties agree to act at all times so as to facilitate, and not frustrate nor delay, such efficient, expeditious and inexpensive resolution of the issue. The arbitrator is authorized and directed to make orders, on his initiative or upon application of either party, to ensure that the arbitration proceeds in an efficient, expeditious and inexpensive manner, and in particular, to enforce strictly the time limits provided for in the Rules or as set by order of the arbitrator, unless the arbitrator considers it inappropriate to do so. The parties acknowledge and agree that it is their wish that the issue be

restoration and the replacement value of the Hotel within sixty (60) days after his selection or appointment. If the Owners do not terminate the Manager's appointment under this Agreement pursuant to the foregoing provisions of this Section 18.3, then the Owners shall commence the Casualty Restoration promptly after the occurrence of such damage or destruction, and shall complete the same with diligence.

18.4 First Right of Refusal

If this Agreement is terminated by the Owners pursuant to the provisions of this Article 18 and within a period of eighteen (18) months from the date of termination, the Owner commences the construction of a hotel on the Premises, then the Manager shall be given a right of first refusal to operate the hotel on the basis set forth in this Agreement subject to those changes required by the changes in circumstances.

ARTICLE 19 EXPROPRIATION

19.1 Expropriation Where Agreement Terminated

- (a) In the event of expropriation of either the fee of, or a perpetual easement upon all of the Hotel, or a substantial part thereof, and the part not so taken cannot be repaired, restored, replaced or rebuilt so as to constitute a Limited Service Hotel facility, the Manager's appointment under this Agreement shall terminate as of the date of expropriation.
- (b) If the Manager's appointment under this Agreement terminates pursuant to Section 19.1(a), all compensation and damages awarded for the taking of the land and the improvements, including any interest on such award, shall be paid to the Owners as their absolute property, subject to the terms of any mortgages; *provided, however*, that the Manager shall have the right to claim or recover from the expropriating authority, but not from Owners such amount as may be separately awarded or recoverable by the Manager for loss of income.

19.2 Expropriation Where Agreement Not Terminated

In the event of expropriation of either the fee of, or a perpetual easement upon, less than all of the Hotel, and if this Agreement is not terminated pursuant to the provisions of Section 19.1, this Agreement shall remain in force with respect to the remainder of the Hotel, and, if any part of the Hotel is taken, the Owners, to the extent of the proceeds of the expropriation paid to them as their absolute property (i.e. not paid to any mortgagees), shall repair, restore, replace or rebuild the hotel as nearly as possible to its value, condition and character immediately prior to the expropriation. The Owners shall commence such work promptly after the date of expropriation and shall complete the same with diligence.

ARTICLE 20 MISCELLANEOUS

20.1 Cooperation

Subject to the terms and conditions set out in this Agreement, the parties will at all times during the Term act in good faith, cooperate and act reasonably in respect of all matters within the scope of this Agreement.

20.2 Canadian Funds

All amounts payable by either party to the other hereunder will be paid in Canadian Funds.

20.3 No Waiver of Breach

No failure by the Manager or the Owners to insist upon the strict performance of any covenant, agreement, term or condition of this Agreement, or to exercise any right or remedy consequent upon a breach, will constitute a waiver of any such breach or any subsequent breach of such covenant, agreement, term or condition. No waiver of any breach will affect or alter this Agreement, but each and every covenant, agreement, term and condition of this Agreement will continue in full force and effect with respect to any other then existing or subsequent breach.

20.4 Severability of Provisions

If any provision of this Agreement or the application thereof to any person or circumstance will, to any extent, be invalid or unenforceable, the remainder of this Agreement and the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, as the case may be, will not be affected thereby, and each provision of this Agreement will be valid and enforceable to the fullest extent permitted by law.

20.5 Notice

All notices, requests, approval, demands and other communications required or permitted to be given under this Agreement will be in writing and addressed to the parties as follows:

(a) if to the Manager:

Bellstar Hotels & Resorts Ltd.

401, 8989 Macleod Trail South

Calgary, AB T2H 0M2

Attention: Ed Romanowski, President & CEO

Tel: (403) 313-6375

Fax: (403) 255-1181

(b) if to the Owners

- (i) to the address of such Owner as notified by such Owner to the Manager, or, in any case, at such other address as the party to whom the notice is

sent will have designated in accordance with the provisions of this Section 20.5; and

- (ii) with a copy to the Residential Section Executive, care of the Strata Manager.

All notices will be delivered personally, transmitted by fax or mailed by postage prepaid mail (provided that in the event of a disruption in mail services, notices will be delivered personally or transmitted by fax). Notices will be deemed to be received:

- (i) on the date of delivery or transmittal thereof if delivered personally or sent by fax; or
- (ii) on the fifth (5th) Business Day after the mailing thereof, if sent by mail.

20.6 Successors and Assigns

Subject to the provisions of Section 15.3, this Agreement shall ensure to the benefit of and shall be binding upon the heirs, executors, successors, legal representatives and permitted assigns of the parties.

20.7 Counterparts

This Agreement may be executed in several counterparts and delivered in original form or by facsimile or electronic transmission, each of which when so delivered will be considered to be an original, and all of which together will constitute one and the same instrument. Any Owner may execute this Agreement by executing and delivering a counterpart signature page with or without the balance of the Agreement.

20.8 No Partnership or Joint Venture

Nothing contained in this Agreement will constitute or be deemed to create a partnership or joint venture between the Owners and the Manager.

20.9 Approvals

Except as expressly set out herein, whenever any party hereto is requested to give its approval to any matter, such approval shall not be unreasonably withheld or delayed. If a party desires the approval of the other party hereto to any matter, such party shall give notice to such other party that it requests such approval, specifying in such notice the matter (in reasonable detail) as to which such approval is requested.

20.10 Force Majeure

If a party is prevented or delayed from performing any of the obligations on its part to be perform hereunder by reason of Act of God, strike, labour dispute, lockout, threat of imminent strike, fire, flood, interruption or delay in transportation, war, insurrection or mob violence, requirement or regulation of government, or statute, unavoidable casualties, shortage of labour, equipment or materials, economic or market conditions, plant breakdown, or failure of operation equipment or any disabling cause (other than lack of funds), without regard to the foregoing

enumeration, beyond the control of either party or which cannot be overcome by the means normally employed in performance, then and in every such event, any such prevention or delays resulting from any such thing required or permitted by either party to be done is to be done hereunder, it being understood and agreed that the time within which anything is to be done, or made pursuant hereto shall be extended by the total period of such delay.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

BELLSTAR HOTELS & RESORTS LTD.



Per: Ed Romanowski

Authorized Signatory



Per: JON ZWICKEL

Authorized Signatory

RESIDENTIAL SECTION OF THE OWNERS, STRATA PLAN VR1858

Per:

Authorized Signatory

September 2019



SCHEDULE "A"

**FORM OF ASSIGNMENT AND ASSUMPTION OF
HOTEL MANAGEMENT AND RENTAL POOL AGREEMENT**

**Adara Hotel
ASSIGNMENT AND ASSUMPTION AGREEMENT**

"Manager" Bellstar Hotels & Resorts Ltd.

"Purchaser"

Name

Name

Address

Address

Tel: (h) _____

Tel: (h) _____

(w) _____

(w) _____

Fax: _____

Fax: _____

This Purchaser's GST Registration
Number is:

This Purchaser's GST Registration
Number is:

This Purchaser's Social Insurance
Number Is:

This Purchaser's Social Insurance
Number is:

This Purchaser (circle as applicable) is
/ is not resident in Canada for the
purposes of the *Income Tax Act*.

This Purchaser (circle as applicable) is
/ is not resident in Canada for the
purposes of the *Income Tax Act*.

"Vendor"

Name _____

Name _____

Address _____

Address _____

Tel: _____
(h)

Tel: (h) _____

(w) _____

(w) _____

Fax: _____

Fax: _____

This Vendor's GST Registration
Number is:

This Vendor's GST Registration
Number is:

This Vendor's Social Insurance
Number is:

This Vendor's Social Insurance
Number is:

This Vendor (circle as applicable) is/is
not resident in Canada for the purposes
of the *Income Tax Act*.

This Vendor (circle as applicable) is/is
not resident in Canada for the
purposes of the *Income Tax Act*.

"Strata Lot" Village of Pemberton
Strata Lot: _____
Block: _____
District Lot: _____
Strata Plan VR1858

"Sale Date" _____

WHEREAS:

A. The Vendor is the owner of the Strata Lot;

B. The Vendor and the Purchaser have entered into a contract for sale of the Strata Lot from the Vendor to the Purchaser on the Sale Date;

C. The Vendor and the Manager are parties to a hotel management and rental pool agreement dated for reference October 1, 2009 as amended by the amendments, if any, described in paragraph 5 below (collectively called the "Rental Management Agreement") in respect of the Strata Lot and the operation of the Adara Hotel (the "Hotel"); and

D. The parties are required to enter into this Agreement in accordance with the Rental Management Agreement.

THEREFORE in consideration of the transfer of the Strata Lot from the Vendor to the Purchaser on the Sale Date and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by all of the parties, the parties agree as follows:

1. Assignment to Purchaser. Effective as of the Sale Date, the Vendor hereby absolutely assigns, transfers and conveys, effective from and including the Sale Date, all of the Vendor's right, title and interest in and to the Rental Management Agreement insofar as they arise from ownership of and relate to the Strata Lot, and all rights and benefits to be derived thereunder (including any amounts payable to the Vendor thereunder) insofar as such rights and benefits arise from ownership of and relate to the Strata Lot.
2. Direction to Pay. The Vendor and the Purchaser hereby direct the Manager to pay any amounts payable under the Rental Management Agreement in respect of the Strata Lot that relate to the period before the Sale Date to the Vendor at its address above and any such amounts that relate to the period from and including the Sale Date to the Purchaser at the address set out above.
3. Assumption and Indemnity by Purchaser. The Purchaser hereby assumes, from and including the Sale Date, all of the duties and obligations of the Vendor under the Rental Management Agreement and the Restrictive Covenant (as defined in the Rental Management Agreement), insofar as such duties and obligations arise from ownership of and relate to the Strata Lot, and covenants and agrees with the Vendor and the Manager to perform and observe all of such duties and obligations from and including the Sale Date.
4. Other Strata Lots Excluded. This Agreement relates only to the Strata Lot and not to any other strata lots in the Development.
5. Amendments to Rental Management Agreement. The Vendor represents to the Purchaser that the Rental Management Agreement has not been amended except as follows [NIL if not completed]:
6. Miscellaneous. If either the Vendor or the Purchaser is comprised of more than one person, the covenants and agreements of the Vendor or the Purchaser, as the case may be, are joint and several covenants and agreements. This Agreement will be binding upon and enure to the benefit of the heirs, executors, successors, legal and personal representatives and assigns of the parties, as applicable.



7. Purchaser's Acknowledgement. The Purchaser acknowledges that the Purchaser has received a copy of and has been given an opportunity to read the Rental Management Agreement (including any amendments set out in paragraph 5 above).

DATED: _____

BY THE VENDOR:

(if a corporation)
THE COMMON SEAL OF _____)

_____ was hereunto affixed)
in the presence of:)

Title: _____)

Title: _____)

C/S

(if an individual)
SIGNED, SEALED AND DELIVERED BY)

in the presence of:)

Name)

Address)

Occupation)

Signature



BY THE PURCHASER:

(if a corporation)
THE COMMON SEAL OF _____)
_____ was hereunto affixed)
in the presence of:)

Title: _____)

Title: _____)

C/S

(if an individual)
SIGNED, SEALED AND DELIVERED BY _____)

in the presence of: _____)

Name _____)

Address _____)

Occupation _____)

Signature _____



The Manager hereby agrees that the Vendor is hereby released from all of the Vendor's duties and obligations under the Rental Management Agreement and the Restrictive Covenant arising from and including the Sale Date, insofar as such duties and obligations arise from ownership of or relate to the Strata Lot.

DATED: _____

BY THE MANAGER:

THE COMMON SEAL OF BELLSTAR HOTELS)
& RESORTS LTD. was hereunto affixed in the presence)
of:)

_____)
Title: _____)

_____)
Title: _____)

C/S



SCHEDULE "B"

FORM OF SECURITY HOLDER'S NON-DISTURBANCE AGREEMENT

Adara Hotel

SECURITY HOLDER'S NON-DISTURBANCE AGREEMENT

THIS AGREEMENT made this ____ day of _____, _____

BETWEEN:

[Name, address and fax number of the Lender]

(the "Lender")

AND:

BELLSTAR HOTELS & RESORTS LTD.

401 – 8989 Macleod Trail

Calgary, Alta, T2H 0M2

(the "Manager")

WHEREAS:

A. _____ [Insert name of Owner(s)] (the "Owner") is the owner of the lands and premises situated in the Village of Pemberton, British Columbia and legally described as follows:

Parcel Identifier: _____

Strata Lot: _____

Block: _____

District Lot: _____

Strata Plan VR1858

(the "Strata Lot");

B. The Owner is party to a hotel management and rental pool agreement dated for reference October 1, 2009 with the Manager (the "Rental Management Agreement");

3865700.7

September 2019

C. In connection with the Rental Management Agreement, the Strata Lot is encumbered by a restrictive covenant (the "Hotel Use Covenant") in favour of the Lobby Strata Lot (as defined in the Hotel Management and Rental Pool Agreement), which Hotel Use Covenant is registered in the Land Title Office against title to, *inter alia*, the Strata Lot under instrument number KW105518;

D. The Owner has granted to the Lender a _____
[describe security] (the "Security") in favour of the Lender, which Security is registered in the Land Title Office against title to the Strata Lot under instrument number(s) _____;

E. The Manager has agreed to postpone its right under the Hotel Use Covenant and the Rental Management Agreement to the Security on the condition that the Lender enter into this Agreement with the Manager (provided, however, in no event shall the Manager's right to receive payment of its Base Management Fee, Performance Incentive Fee or reimbursements of amounts under the Rental Management Agreement be subordinated or postponed).

NOW THEREFORE, in consideration of the mutual promises and agreements contained in this Agreement, the Lender and the Manager hereby promise and agree as follows:

1. The Lender covenants with the Manager that if either:
 - (a) any proceedings are brought by the Lender for foreclosure or sale or other suit, sale or proceeding under the Security in respect of the Strata Lot; or
 - (b) the Lender becomes the owner of the Strata Lot pursuant to the proceedings referred to in subsection 1(a) above or of any transfer or quit claim in respect of the Strata Lot is made by the Owner to the Lender;

then:

- (i) the Lender will not interfere with any of the rights and privileges of the Manager under the Hotel Use Covenant or the Rental Management Agreement, nor disaffirm the Hotel Use Covenant or the Rental Management Agreement, subject to paragraph 1(2)(c);
- (ii) the Lender shall not, except as may be necessary or required in accordance with any applicable law, make the Manager a party to any foreclosure or other suit, sale or proceeding under the Security and the same shall not affect the rights or estate of the Manager under the Hotel Use Covenant or the Rental Management Agreement; and
- (iii) the Lender shall, upon the issue of a writ of possession, transfer or quit claim of the Strata Lot in favour of the Lender, or upon the Lender becoming the owner of the Strata Lot, assume and observe and perform all of the obligations of the Owner under the Hotel Use Covenant and the Rental Management Agreement accruing on and after such date and shall be entitled to all of the rights and

benefits of the Owner on and after such date, including any rights of termination;

2. If the Lender succeeds to the interest of the Owner in the Strata Lot:
 - (a) the Manager will be bound to the Lender under all of the Manager's promises and agreements contained in the Hotel Use Covenant and the Rental Management Agreement, insofar as such promises and agreements relate to the Strata Lot, for the balance of the term of the Rental Management Agreement, as if the Lender were the owner of the Strata Lot under the Rental Management Agreement; and
 - (b) the Lender will be bound to the Manager under all of the Owner's promises and agreements contained in the Hotel Use Covenant and the Rental Management Agreement, insofar as such promises and agreements relate to the Strata Lot, for the balance of the term of the Rental Management Agreement, as if the Lender were the owner of the Strata Lot under the Rental Management Agreement.

3. The Manager will, from and after the Lender's succession to the interest of the Owner in the Strata Lot, have the same remedies against the Lender for any breach of the Hotel Use Covenant or the Rental Management Agreement as the Manager would have had under the Hotel Use Covenant or the Rental Management Agreement, as the case may be, against the Owner if the Lender had not succeeded to the interest of the Owner, provided that the Lender will not be:
 - (a) liable for any act or omission of any prior owner of the Strata Lot, including the Owner;

and

- (b) subject to any set-off or defence that the Manager may have against any prior owner of

the Strata Lot, including the Owner.

4. If the Lender realizes upon the Security, the Lender will not transfer or cause to be transferred title to the Strata Lot to any person unless prior thereto the Lender has caused the transferee to execute and deliver to the Manager an assignment and assumption agreement in the form and content of Schedule "A" to the Rental Management Agreement.
5. The Lender will not assign or transfer the Security unless the Lender requires the assignee or transferee to execute and deliver to the Manager an agreement with the Manager on the same terms and conditions as this Agreement.
6. This Agreement may only be modified by an agreement in writing signed by the parties hereto.



7. This Agreement will be governed and construed in accordance with the laws of British Columbia.

8. This Agreement will enure to the benefit of and be binding upon the successors and assigns of

the parties.

9. The Lender acknowledges that the Lender has received a copy of and has been given an opportunity to read the Rental Management Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

BY THE LENDER:

Name of Lender

Per: _____

Name: _____

Title: _____

BY THE MANAGER:

BELLSTAR HOTELS & RESORTS LTD.

Per: _____

Name: _____

Title: _____



SCHEDULE "C"

ADARA HOTEL

USE OF HOTEL STRATA LOTS BY OWNER

- I. For the purposes of this Schedule "C":
- (a) capitalized terms used in this Schedule "C" and not defined herein have the meanings ascribed to such terms in the Hotel Management and Rental Pool Agreement;
 - (b) "Day" means any period of twenty-four (24) consecutive hours, commencing at 4:00 p.m. of any day and ending at 4:00 p.m., except on check-out day at 12:00 noon or such check-out time applicable to all Hotel Guests at the Hotel;
 - (c) "Hotel Booking System" means a management system or arrangement to provide for the orderly and assured management of reservations and use of Hotel Strata Lots by the public and by the Owners;
 - (d) "Hotel Strata Lot" means a self-contained habitable space within any form of building on the Land, or the Land as subdivided, designated or capable of use for hotel accommodation;
 - (e) "Management Agreement" means the [Amended]¹ Hotel Management and Rental Pool Agreement to which this Schedule "C" is attached;
 - (f) "Municipality" means the Resort Municipality of Whistler;
 - (g) "Period" means the Summer Period or the Winter Period, as the case may be;
 - (h) "Public" means all persons other than the Owner;
 - (i) "Owner" means the Registered Owner of a Hotel Strata Lot and the spouse, children and parents of such Registered Owner and the parents and children of the Registered Owner's spouse; and where there is more than one Registered Owner of a Hotel Strata Lot, all the Registered Owners and their spouses, children, parents and the parents of their spouses shall together constitute the "Owner" for that Hotel Strata Lot and, where the Registered Owner is a corporation or corporations, all directors, officers, shareholders and employees and the spouses, children, parents and parents of spouses of each of them shall together with the corporation or corporations constitute the "Owner" for that Hotel Strata Lot;
 - (j) "Registered Owner" means the person registered in the Land Title Office as owner in fee simple of the Hotel Strata Lot or, where there is a registered agreement for sale of the Hotel Strata Lot, the registered holder of the last registered agreement for sale;

¹ To be confirmed.

- (k) **"Seasonal Vacation Use"** means use of a Hotel Strata Lot by the Owner as a vacation residence on a Limited seasonal or periodic basis pursuant to Section 2;
 - (l) **"Summer Period"** means the period from 4:00 p.m. April 30 to 4:00 p.m. October 31 of each Year;
 - (m) **"Use"** includes the purpose to which the Hotel Strata Lot is put, and includes reside, sleep, inhabit, or otherwise occupy, as the context requires;
 - (n) **"Weekend"** means a Friday night or a Saturday night or a Friday and Saturday night together;
 - (o) **"Weekly Period"** means any period of seven (7) consecutive days;
 - (p) **"Winter Period"** means the period from 4:00 p.m. on October 31 in a calendar year to 4:00 p.m. on April 30 in the next Year; and
 - (q) **"Year"** means a calendar year.
2. The Owner may use the Hotel Strata Lot for Seasonal Vacation Use for up to 56 nights per calendar year subject to availability and in accordance with the RMOW Rental Pool Covenant registered on title, pro-rated as required (the "Permitted Annual Allotment"). Advance booking is required. On any night, subject to other terms and conditions contained in Schedule C, total Owners' usage shall not exceed 20% of the Hotel's Units. The Owners shall have free year round usage of the Hotel's public facilities.
3. In addition to the amounts set out in Section 10.2, the Manager will charge for each night that a Hotel Strata Lot is used by an Owner or an Owner's guest:
- (a) each Owner acknowledges pursuant to the Hotel Management and Rental Pool Agreement that such Owner is responsible for payment of a fee for such Owner's Hotel Strata Lot (the "Daily Fee"). The Daily Fee to recover costs of operation is forty-five dollars (\$45.00) and or such other amount as may be determined by the Residential Section Executive as reviewed with the Manager on an annual basis from time to time. The Daily Fee for each day the Hotel Strata Lot is used by an Owner or an Owner's guest, shall be paid by the Owner or the Owner's guest upon departure or if unpaid at the end of the stay, then the outstanding fee will be charged to the Owner's account. and
 - (b) the Owner will not receive any rental revenue allocation for the Hotel Strata Lot during the nights that Owner's unit is not in the Rental Pool.
4. The Hotel Booking System shall require that any Owner wishing to use such Owner's Hotel Strata Lot may reserve the Hotel Strata Lot by specifying in writing to the Hotel Booking System at least ninety (90) days prior to such Owner's desired use of the Hotel Strata Lot. In the event an Owner fails to reserve his or her Hotel Strata Lot as provided in this Section, the Hotel Strata Lot must continue to be made available to the Public and the Hotel Strata Lot may not be later reserved for use by an Owner if the Hotel Strata Lot has previously been booked by a Public guest unless prior to the arrival of the guest, the

guest is able to be accommodated in another equivalent Hotel Strata Lot for the duration of the guest's stay.

5. In the event an Owner reserves such Owner's Hotel Strata Lot pursuant to these use restrictions but does not actually use the Hotel Strata Lot during the day or days so reserved, such Owner shall still be deemed to have used the Hotel Strata Lot for the day or days so reserved but in the event:
 - (a) such Owner at least twenty-eight (28) days prior to such Owner's scheduled use of the Hotel Strata Lot cancels such reservation; or
 - (b) such Owner at least forty-eight (48) hours prior to such Owner's scheduled use of the Hotel Strata Lot cancels such reservation and the Hotel is otherwise one hundred percent (100%) occupied and the Hotel Strata Lot is rented by the Manager pursuant to the Hotel Booking System,

then such Owner shall be deemed In the Rental Pool.

6. In the event an Owner does not use the full amount of days permitted to be used by an Owner pursuant to Section 2 in any Year, Winter Period or Summer Period, as the case may be, such Owner shall not be entitled to accumulate or otherwise use the unused days in any future Year, Winter Period or Summer Period.
7. Subject to the use by the Owners permitted hereunder or any approval pursuant to these restrictions, all Hotel Strata Lots must be made available at all times to the Public for Public Hotel Use. The Hotel Booking System shall be free to accept reservations at any time from the Public for the use of any Hotel Strata Lot for any future day or days, unless an Owner shall prior to the request for a reservation from the Public have already reserved that day or those days pursuant to Section 3.
8. The Owner shall have account charging privileges at the Hotel, while residing as a guest of the Hotel.
9. The Manager will seek to add Owner discounts for other services that may be added for guests of the Hotel.
10. Independent of the rights detailed in item 1. above, the Owner may also book a unit as a "guest" within 48 hours of an intended stay on a discounted basis as follows:
 - (i) the Owner will receive a 25% discount provided that reserved occupancy for the desired night(s) is between 50% and 80% at the time of booking; or
 - (ii) the Owner will receive a 50% discount provided that reserved occupancy for the desired night(s) is less than 50% at the time of booking.



SCHEDULE "D"
UNIT SHARE INTERESTS

| Unit | Strata Lot Number | Unit Share Interest |
|-------------|--------------------------|----------------------------|
| 201 | 14 | \$189,900 |
| 202 | 15 | \$135,900 |
| 203 | 16 | \$135,900 |
| 204 | 17 | \$134,900 |
| 205 | 18 | \$134,900 |
| 206 | 19 | \$133,900 |
| 207 | 20 | \$133,900 |
| 208 | 21 | \$179,900 |
| 209 | 22 | \$131,900 |
| 210 | 23 | \$109,900 |
| 211 | 24 | \$99,900 |
| 212 | 25 | \$169,900 |
| 213 | 26 | \$124,900 |
| 214 | 27 | \$124,900 |
| 215 | 28 | \$125,900 |
| 216 | 29 | \$125,900 |
| 217 | 30 | \$125,900 |
| 218 | 31 | \$126,900 |
| 219 | 32 | \$126,900 |
| 220 | 33 | \$124,900 |
| 221 | 34 | \$159,900 |
| 301 | 35 | \$279,900 |
| 302 | 36 | \$168,900 |
| 303 | 37 | \$170,900 |
| 304 | 38 | \$169,900 |
| 305 | 39 | \$169,900 |
| 306 | 40 | \$168,900 |
| 307 | 41 | \$168,900 |
| 308 | 42 | \$184,900 |
| 309 | 43 | \$135,900 |
| 310 | 44 | \$133,900 |
| 311 | 45 | \$129,900 |
| 312 | 46 | \$370,000 |
| 313 | 47 | \$165,900 |
| 314 | 48 | \$165,900 |
| 315 | 49 | \$166,900 |
| 316 | 50 | \$166,900 |
| 317 | 51 | \$166,900 |
| 318 | 52 | \$167,900 |
| 319 | 53 | \$167,900 |
| 320 | 54 | \$165,900 |
| 321 | 55 | \$163,900 |

SCHEDULE "E"

OWNERS' PERFORMANCE EXPECTATIONS OF THE MANAGER

The Owners have defined specific Performance Expectations ("PE") for the Manager as outlined herein. **Bellstar's performance will be reviewed regularly with the Residential Section Executive.** The expectations outlined in this Schedule are subject to the terms and conditions specified in the Agreement. In the event that items contained herein contradict the Agreement, the Agreement will prevail, but apart from that the provisions herein will be given full effect and will be binding pursuant to Section 9.1(e) of the Agreement.

Stakeholder Relationship – Our Foundational Principles, Beliefs & Practices

1. The Hotel Manager works on behalf of and at the invitation of the owners and reports to the owners' representatives, the Residential Section Executive (RSE).
2. There are four stakeholder groups in our business, customers/guests, employees/Hotel Manager, and shareholders/owners of the hotel units and the collective business. The community of Whistler is the fourth.
3. Customers/Guests pay for everything including wages, expenses, and profit. Customers / Guests are the highest, most important priority – they are the most important stakeholder group, they are the reason we have a business.
4. Actions by our Hotel Manager reflect the above reality; they and hotel staff do everything they can to deliver and improve upon the guests' experience.
5. Hotel staff are oriented & educated to these foundational principles beliefs and practices. They receive timely, effective, helpful and supportive feedback on an as needed basis so each delivers consistent, high quality customer service.
6. "Performance Counts" - it's what gets done that counts not what gets said, and effective and efficient performance is measured "based on results." The owners expect results that meet or exceed what is promised or budgeted.
7. Bellstar's second priority is to work on improving net income payouts to Owners.

Your word is your bond

1. Commitments made by the management company must be kept – if something we agree to changes we will immediately let the RSE or affected owner know.
2. Every meeting is to have an actionable list – who, will do what, by when – subsequent meetings start with a review of results – what has been completed and has yet to be completed (still working on it).
3. Follow up and follow through is expected. At the Adara, we do what we say we will do.

Complete financial transparency is a must

1. Financial reports content must meet the RSE expectations. These expectations are to be defined and agreed to in the first year of operation 2010.
2. Financial reports must be delivered on time as outlined in the Agreement.
3. The Adara owners require an annual third party audit as outlined in the Agreement.
4. Bellstar to supply the RSE with their current expense to revenue ratios for all of the hotel departments as a percentage of gross revenue. Targets and actual results for expenses and EBITDA as a percentage of gross revenue are also required. These ratios will show a comparable group of Bellstar's properties, under management so the Adara can see how it performs against the group after explanations for possible variances due to the type and nature of operations at the Adara. Bellstar to provide annually updated industry ratios such as those supplied by PKF or similar company that publishes financial data for hotel operations in Canada.
5. Spending limits beyond the budget must be set and agreed to (and then for emergencies only).
6. Owners' contribution to strata fees are to be paid out of their unit's net revenue.
7. The lease payments are to be paid out of individual owner unit's net revenue.
8. Owners are expected to keep their accounts current. No deficits are to be carried by the operation.
9. All owners' funds FF&E & strata contingency funds are to be held in separate trust bank accounts and not used for cash flow/operations and not co-mingled with Bellstar general funds, co-signed by a member(s) of the RSE.
10. Strata budget, residential section budget and hotel operation budget will be coordinated so that the commercial strata owners and residential (hotel) strata owners have complete transparency with the goal of reducing costs on both budgets. To facilitate this, Bellstar is to be awarded the strata management contract at some point in the near future; early 2010 if we can accommodate the commercial strata lot owners' concerns and obtain the approval of the residential owners by Resolution in accordance with the Strata's Bylaws.
11. Strata: Net revenues from the Sempa Hydro amalgamation account are to be saved for future energy saving upgrades. Funds are to be deposited in FF&E Reserve Account as a separate line item.

Communication to the Adara Owners is a key expectation. Owners are to receive the following statements and reports:

1. Monthly financial reports on their unit.



2. Monthly/quarterly reports on Bellstar's sales & marketing activities and current focus.
3. Bi-annual updates on business development, marketing and sales plans going forward.

The RSE is to receive the following statements and reports:

1. Minutes of every meeting held with the RSE must be distributed within five (5) business days of each meeting, including specific actions identifying who will do what by when.
2. The RSE to receive a monthly Hotel Operation balance sheet showing the owners' net position and must include all AR and AP.
3. Monthly bank reconciliation reports must be available to the RSE.
4. The physical asset (common areas/strata and inside each unit)
 - (a) Within 6 months, and annually after that, the RSE expects to see a status report on the condition of the physical plant and all systems.
 - (b) Within 12 months, and annually after that, the RSE expects to see a status report on pending FF&E requirements and spending recommendations which will impact the amount of FF&E to be withheld from each owner.

When in charge of the strata, Bellstar will provide

1. A quarterly strata contingency reserve fund update.
2. A quarterly status of the strata financials and AR and AP accounts including Hydro bills.
3. An annual report on the state of the strata and any capital spending recommendations.

The Adara Brand

The Adara Hotel is the brand the owners have invested millions of dollars into creating. It will be known as the Adara Hotel – Managed by Bellstar.

| SCHEDULE "F" | | | | | |
|----------------------------------------------------------------------------------------------------------------------------|---------------------|---------------|---------------------|---------------|----------------------------|
| MANAGEMENT FEE CALCULATION EXAMPLES - for illustration purposes only | | | | | |
| This is not a budget, forecast or projection | | | | | |
| This is a "based on results, Pay for Performance" contract - as the owners do better financially so does Bellstar | | | | | |
| Revenue - Adara did \$1.84M in revenue in 2008 | | | | | |
| Rooms Revenue | | | | | |
| F&B Revenue | | | | | |
| Cmsr Revenue | | | | | |
| Gross Revenue | \$ 2,000,000 | 100.0% | \$ 2,150,000 | 100.0% | \$ 1,800,000 100.0% |
| Note: All percentages below are percentages of Gross Revenue | | | | | |
| Operating & Overhead Expenses | | | | | |
| Departmental Expense | | | | | |
| Rooms Expense | | | | | |
| F&B Expense | | | | | |
| Total Direct Costs | | | | | |
| Overhead Expense | | | | | |
| Administration Expense | | | | | |
| Sales & Marketing Expense | | | | | |
| Repair & Maintenance Expense | | | | | |
| Utilities | | | | | |
| Total Operating & Overhead Expenses * | 1,700,000 | 68.0% | 1,528,500 | 71.0% | 1,450,000 80.8% |
| * Expenses are expected to go down as a percentage of revenue when revenue increases | | | | | |
| Gross Operating Profit | 800,000 | 32.0% | 623,500 | 29.0% | 350,000 19.4% |
| Other Overhead Costs | | | | | |
| Insurance | 19,750 | 0.8% | 19,750 | 0.9% | 19,750 1.1% |
| Tourism Whistler Fees | 22,513 | 0.9% | 22,513 | 1.0% | 22,513 1.3% |
| Strata Fees Not Found Elsewhere | 48,317 | 1.0% | 48,317 | 2.2% | 48,317 2.7% |
| FF&E Reserve | 50,000 | 2.0% | 43,000 | 2.0% | 38,000 2.0% |
| Management Fee | 75,000 | 3.0% | 64,500 | 3.0% | 54,000 3.0% |
| Total Other Overhead Costs | 215,580 | 8.8% | 198,080 | 8.2% | 169,580 10.0% |
| EBITDA - or net profit | \$ 894,420 | 23.4% | \$ 425,420 | 10.8% | \$ 169,420 8.4% |
| Other Owner Expenses | | | | | |
| Management Fee Incentive | 35,563 | 1.4% | 21,271 | 1.0% | 8,471 0.5% |
| FF&E Reserve | 50,000 | 2.0% | 43,000 | 2.0% | 38,000 2.0% |
| Available For Distribution to Owners | \$ 498,858 | 20.0% | \$ 361,149 | 18.8% | \$ 124,948 6.9% |
| Average Amount Per Unit Based on 41 Units | | | | | |
| | \$ 12,168 | | \$ 8,808 | | \$ 3,048 |
| Note: Amount to Unit Owners is before Property Taxes & Lease Payments, owners' strata fees are paid out of hotel revenues. | | | | | |
| Total Management Fees | 110,563 | 4.4% | 66,771 | 4.0% | 62,471 3.5% |
| Management Fee Incentive is based on 5% of EBITDA up to \$500,000, and 12.5% thereafter. | | | | | |
| Presentation subject to adjustment based on the Uniform System of Accounts for Hotels | | | | | |